

ÉDUMBE LOCAL MUNICIPALITY



ANNUAL REPORT

2021/2022

FINANCIAL YEAR

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1.1. MAYOR'S FOREWORD

On behalf of all éDumbe citizens including newly elected political leadership we extend our deepest gratitude and humbleness. The recently held Local Government elections gave birth to new demarcation of éDumbe municipal wards, increasing from 08 Wards to 10 wards, the political leadership structure comprising of Councillors from different political parties NFP, ANC, IFP, DA, EFF, and ABC. This would yield new changes in development and the life of the people of éDumbe. I would not go further, without extending the words of thanks to voters; who took their precious time on the 1st November 2021 and show their confidence in by sending about 19 Councillors from different



us

political parties to form the Council of éDumbe. The term of the new éDumbe Council will be 5 years with effect from November 2021 to October 2026. Again, continuously facing traumatic situations posed by the COVID-19 pandemic narrative to South Africa and the entire world, we are undergoing trying times due to an outbreak of COVID-19 pandemic we are trying to adapt to its abnormalities as normality of our daily living. The world is mourning for the mortalities as a result of this virus. The world is undergoing serious economic crisis which is also concerning all of us and much worse for éDumbe communities which have a small and challenged economy.

I wish also to extend my gratitude to the management and staff of éDumbe for their magnitude support to the new Council of éDumbe. One of the pillars of Democratic Governance is good governance which is strictly uncorrupted, transparent and cares for its clients. It is of vital significance to always refer to this in order to accomplish the constitutional mandate of the éDumbe Municipality as prescribed in the constitution of South Africa that will help us achieve our vision of éDumbe that **“By 2035 éDumbe will be a Liveable, Economically Progressive Municipality and a Gateway to Kwazulu-Natal.”**

During 2021/2022, the Municipality still encountered financial challenges which impacted negatively on services delivery. éDumbe is a small rural Municipality with no sound revenue collections since most properties are not rateable, the Municipality has huge loss on electricity sales and that is one of the prioritized challenges that will be given more attention in the next

financial years. As part of challenges eDumbe may not ignore the issue of fully compliant landfill site which is currently being attended on. Through new strategies and improving the functionality of the Revenue Enhancement Committee, there is a trivial improvement on revenue collection. Moreover, eDumbe appreciates the unwavering support from different Sector Departments that have brought forward their support in terms of service delivery. It is exciting that the community is gradually growing in terms of understanding the operations of the municipality even though there are still some challenges.

PUBLIC PARTICIPATION ACTIVITIES

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

IMPLEMENTATION OF CAPITAL PROJECTS

The Municipality during 2021/2022 has improved in terms of fast tracking the execution of the Capital Projects. We are proud and confident to report that the below listed MIG funded Capital Projects implemented were all completed. The projects implemented are as follows:

- Constructed Kwangwanya Access Road
- Constructed Shayamoya Access Road
- Constructed KwaDanxa Access Road
- Constructed KwaPhoqa Causeway
- Constructed Mphelandaba Pedestrian Bridge
- Constructed Kanye Kanye Road
- Constructed eDumbe Primary Road
- Constructed Ezibomvu Cemetery
- Constructed Nhlakanipho Sportfield and Outdoor gym
- Constructed Esikhaleni Multi Purpose and SMME Centre

The Municipality also implemented Electrification projects through INEP grant. The Municipality has huge backlogs on electricity provision. Electricity projects are as follows:

- KwaSonkela Electrification Phase 2
- Substation Infrastructure Upgrade Phase 2

- Esikhaleni Electrification
- Zungwini Electrification Phase 2

CONCLUSION

We again acknowledge and humble ourselves before the people of éDumbe for your confidence in us. Our mandate is simple, which is to “Work tirelessly and deliver the service to éDumbe community citizens and to ensure that citizens have access to services”. We commit ourselves to working hard to change the lives of éDumbe community citizens across all sectors. Our Motto **“NOTHING ELSE BUT SERVICE DELIVERY”**. Thank You!

Yours in Service Delivery

CLLR M.S. MKHABELA

HIS WORSHIP THE MAYOR,

éDUMBE LOCAL MUNICIPALITY

1.2. ACTING MUNICIPAL MANAGER'S OVERVIEW



ACTING MUNICIPAL MANAGER : MR JFK KHUMALO

eDUMBE LONG-TERM VISION

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

The 2021/2022 Annual Report of the municipality reflects on the tremendous achievements of its priorities which are aligned to the Back to Basics principles. The municipality performed well in the following areas:

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

Serious challenges continued in the following Back to Basic pillar:

- Financial viability as a result of sound financial management

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

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

During the 2021/2022 financial year, the municipality continued to comply with the King III principles and already aiming at King IV compliance, wherein council committees were established with proper terms of reference, annual schedule of meetings and activities, and separation of powers were adhered to. These committees frequently monitored the implementation of council resolutions and activities.

MR JFK KHUMALO

ACTING MUNICIPAL MANAGER

POLITICAL STRUCTURES

As at 30 June 2022 eDumbe full Council consisted of 19 Councilors from different political parties and three AmakhosAseNdlunkulu. They work collectively and in harmony even though at times challenges crop out.

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

Full Council Members

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



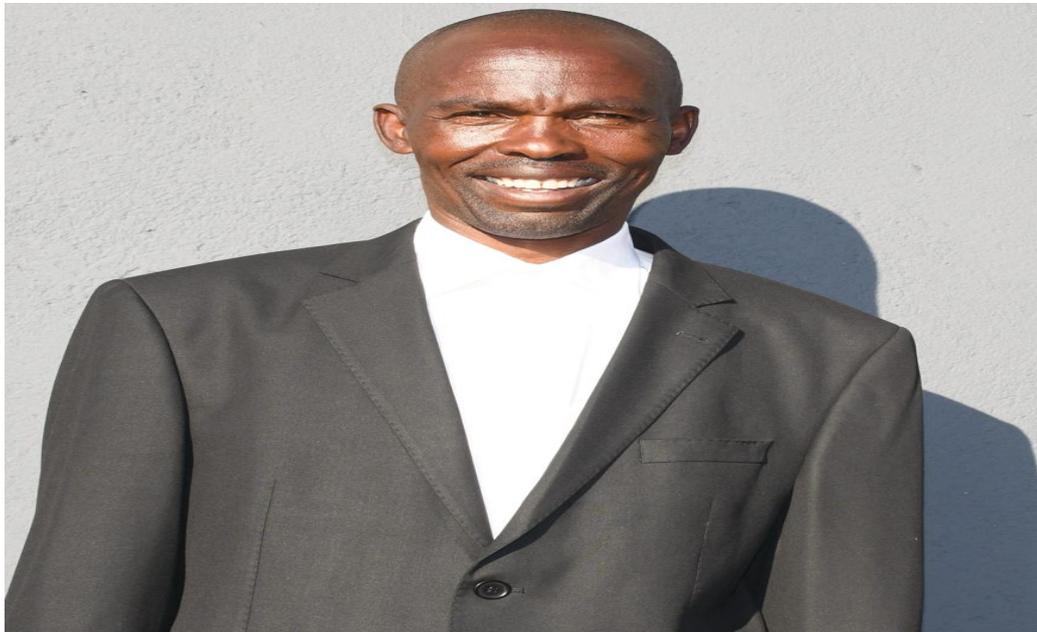
HON. HIS WORSHIP THE MAYOR: CLLR M.S.MKHABELA (WARD 04)



HON. DEPUTY MAYOR S.J. KUNENE



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



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



Cllr: H.H.Vilakazi : MPAC Chairperson



Ward 01: Cllr ND Mngomezulu



Ward 03: Cllr V.A Mthethwa



WARD 04: Cllr M.V.S. Mkhwanazi



WARD 05: Cllr Z.G. Masondo



WARD 06: Cllr M.S. Magagula



Ward 07: Cllr C.B. MTHETHWA



WARD 08: Cllr T.E.KUNENE



WARD 10: Cllr T.S.MTHEHTWA



PR: Cllr B.M.Nxusa



PR: Cllr S.N.Ntuli



PR: Cllr N.D.Sibiyi



PR: Cllr T.T.I.Zwane



PR: Cllr D.M. Mbokazi



PR: Cllr K. Ngema

AMAKHOSI ASENDLUNKULU



Inkosi B.P.Sibisi



Inkosi L.Dlamini



Inkosi S.W.Mthethwa

PURPOSE OF THE REPORT

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

CHAPTER 2 – LEGISLATIVE MANDATE

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

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

The purpose of the Annual Report is:

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

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

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

ADDITIONAL LEGISLATIONS

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

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

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

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

**SECTION 129 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) 56 OF 2003,
REQUIRES THAT:**

- (1) The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council:
- has approved the annual report with or without reservations;
 - has rejected the annual report; or
 - has referred the annual report back for revision of those components that can be revised.

2.1 ANNUAL REPORT OVERVIEW

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

Content of the Annual Report

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

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

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

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

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

Additional disclosure requirements:

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

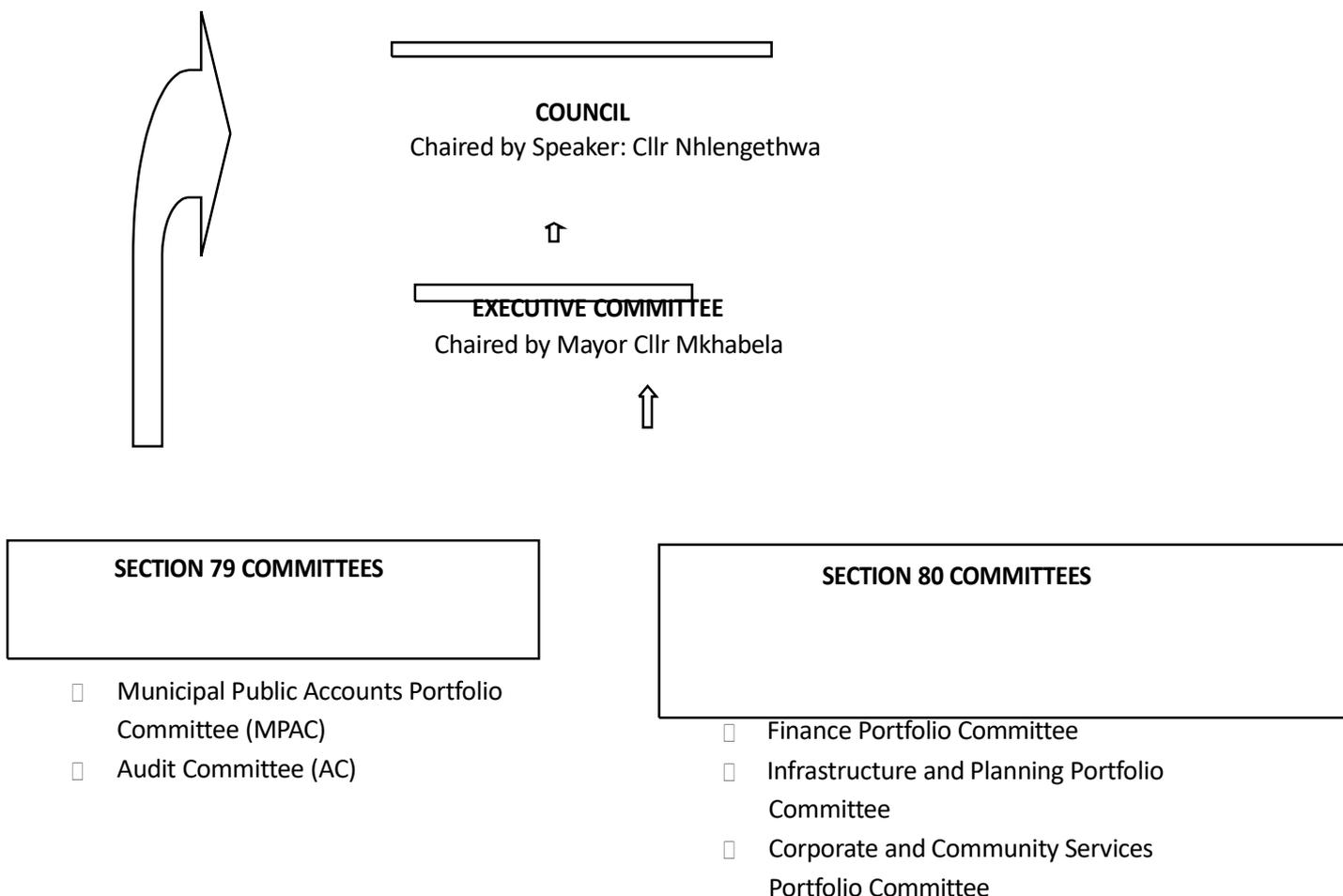
CHAPTER 3 - GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

3.1. POLITICAL GOVERNANCE STRUCTURE

COUNCIL STRUCTURES



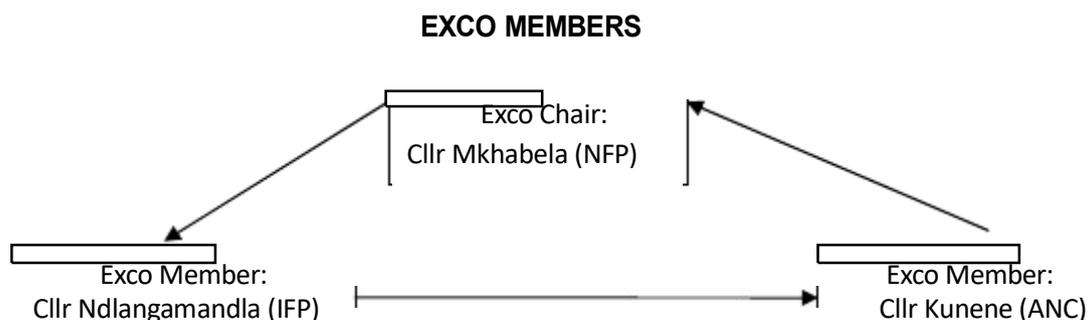
MPAC is a Section 79 oversight committee which comprises non-executive councillors, with the specific purpose of providing oversight over the executive functionaries of Council to ensure good financial governance in the municipality. MPAC also makes comments and recommendations separately on the annual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

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

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

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

The Exco consists of three members and is chaired by the Hon. Mayor Cllr SJ Kunene (Majuba Mavuso). Each party in council is represented at Exco.



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

3.2. ADMINISTRATIVE GOVERNANCE STRUCTURE

During the time of issuing of 2021/2022 Annual Report, administration was led by Mr JFK Khumalo, the Acting Municipal Manager who was appointed by Council on the 09th of December 2020 on a three months fixed term contract, which was then extended after being unable to finalize the appointment of the Municipal Manager as required by Section 54 of the Municipal Systems Act. Mr JFK Khumalo signed his 2021/2022 performance agreement which contains performance objectives, targets, indicators and procedures for evaluating performance. The Municipal Manager is expected to see to it that all council resolutions are implemented and to provide advice to Council. He is expected to provide managerial functions on the compilation of the IDP and Budget planning and implementation processes. There are functions that are delegated by Council to the Municipal Manager, who, in turn, sub-delegated certain functions to Senior Managers.

Status of Senior Positions as at 30 June 2022

POSITION	STATUS
Municipal Manager	<ul style="list-style-type: none"> • Vacant Mr JFK Khuamalo acts since 09 December 2020
Chief Financial Officer	<ul style="list-style-type: none"> • Vacant: Mr GC Letsoalo acts since July 2021
Director: Corporate and Community Services	<ul style="list-style-type: none"> • Filled: Mr VB Mbatha
Director: Infrastructure and Planning	<ul style="list-style-type: none"> • Vacant: Mr MS Khanyile acts since July 2021

CHAPTER 4 - DEMOGRAPHIC INDICATORS

POPULATION SIZE

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

Table 1: Total Population

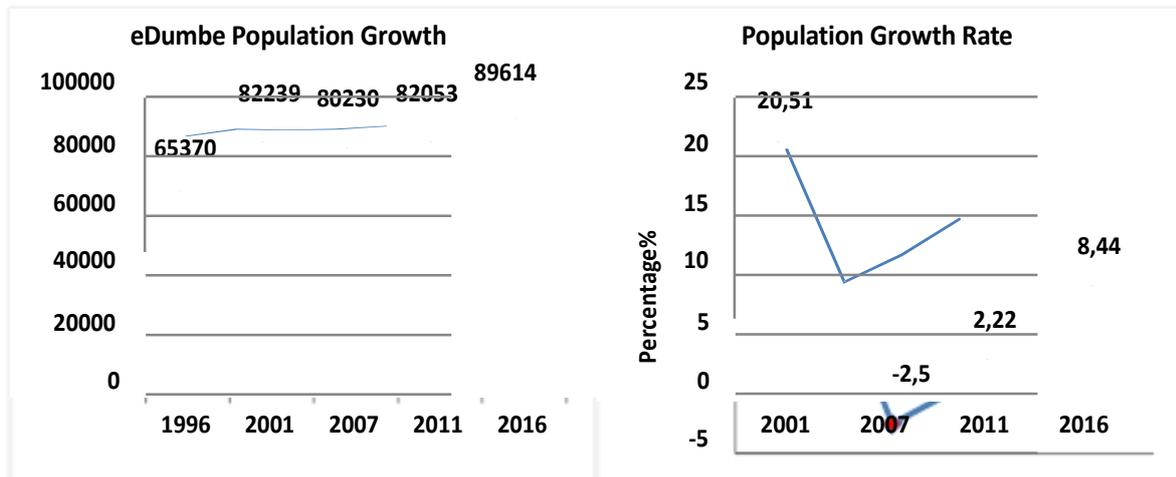
Total Population				
1996	2001	2007	2011	2016
65320	82239	80230	82053	89614

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

Table 2: Population Growth Rates

Figure 1: Population Growth

Figure 2: Population Growth Rate

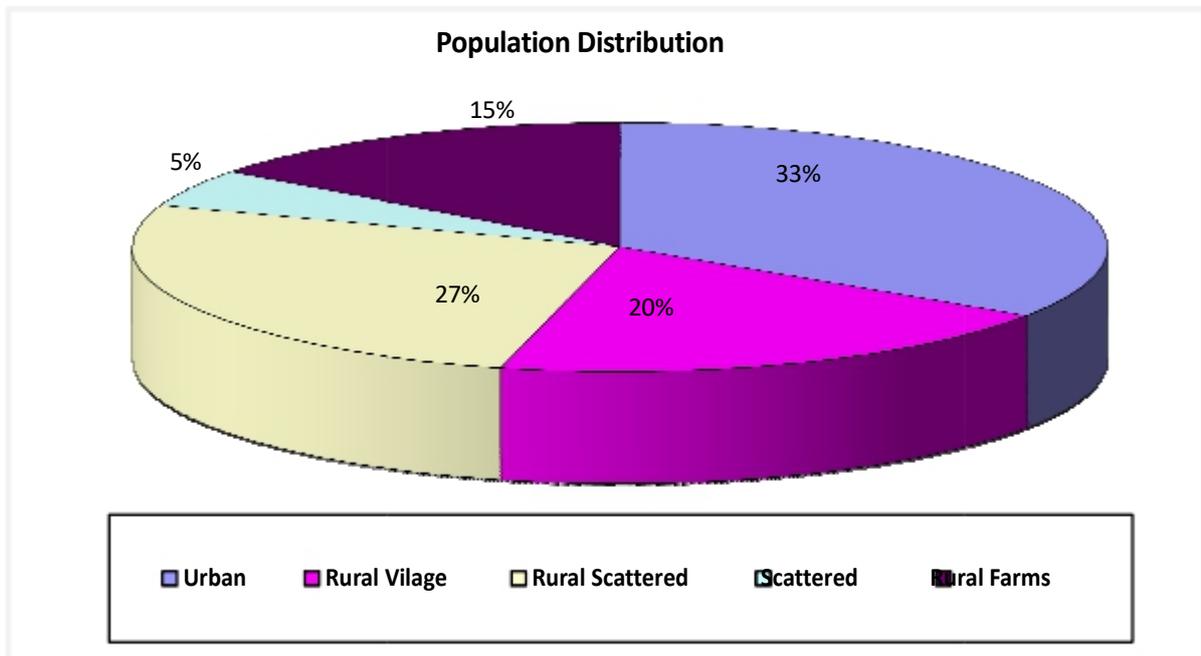


The éDumbe Municipality has an increase of +2.02% Population Change within its boundaries from 2011 to 2016 with the Population Density of 46.1 inch/km² in the year 2016. Its population Growth Rate has increased from 2011 to 2016.

POPULATION DISTRIBUTION

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

Figure 3: Population Distribution

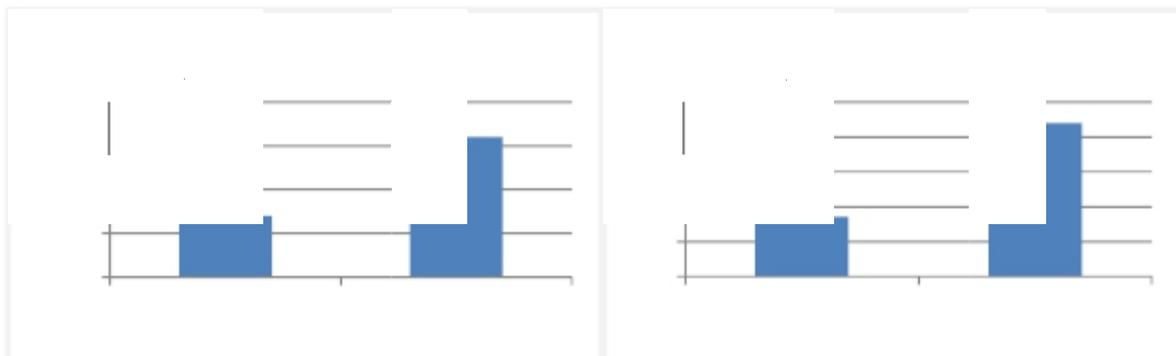
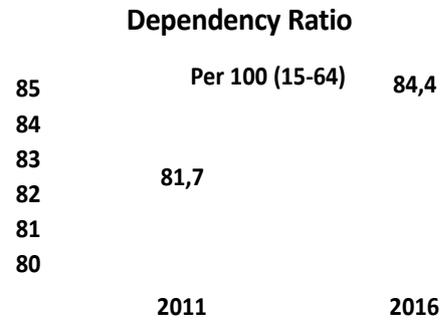


POPULATION COMPOSITION

Figure 4: Sex Ratio



Figure 5: Dependency Ratio

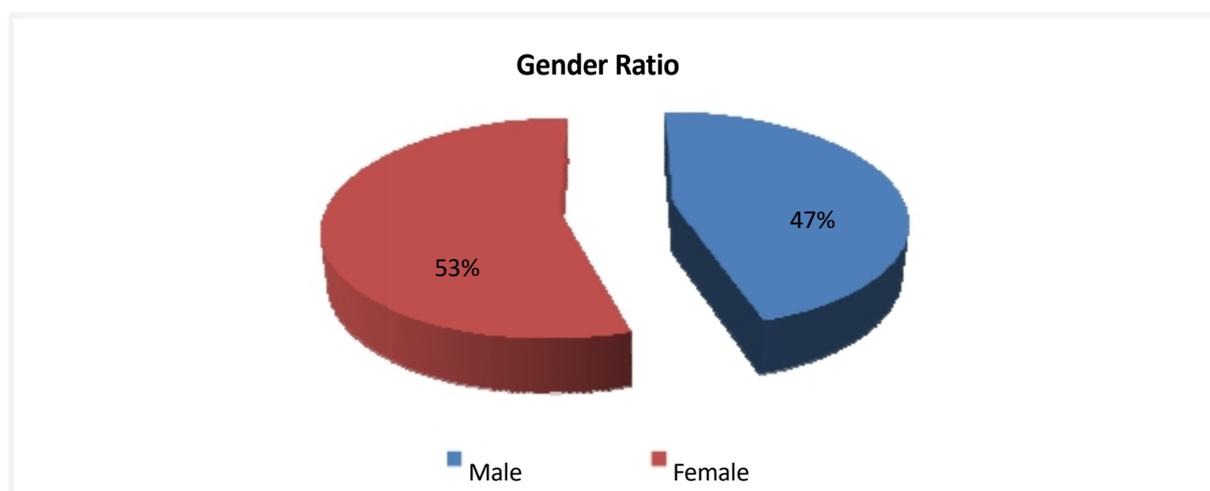


éDumbe sex ratio between 2011-2016 has increased by 0.9% compare to the other years. The dependency ratio also has increased between 2011-2016 by 2.7%.

Table 3: Gender Distribution and Ratio

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

Figure 6: Gender Ratio



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

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

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

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

POPULATION GROUPS

Table 4: Population Groups

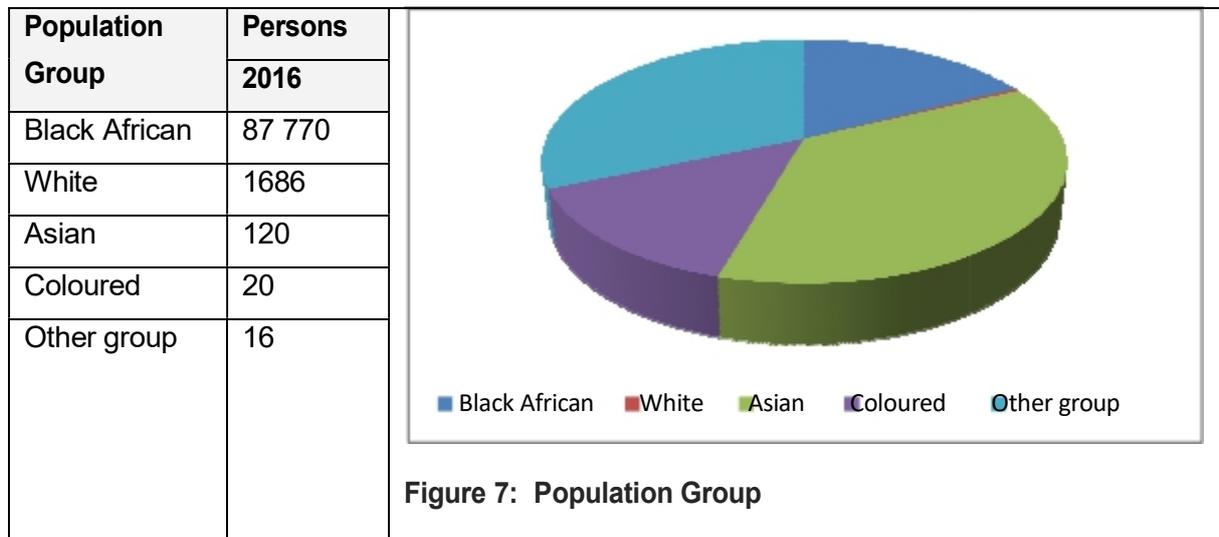


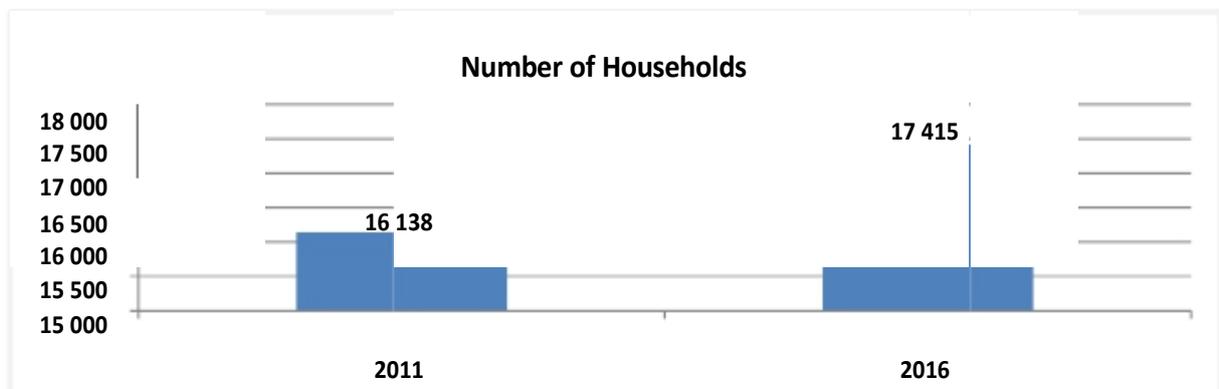
Table 4 indicates that a large population group is dominated by Black African with more than 50% of the municipality's population and follow by white population group.

SOCIO-ECONOMIC INDICATORS

HOUSEHOLDS

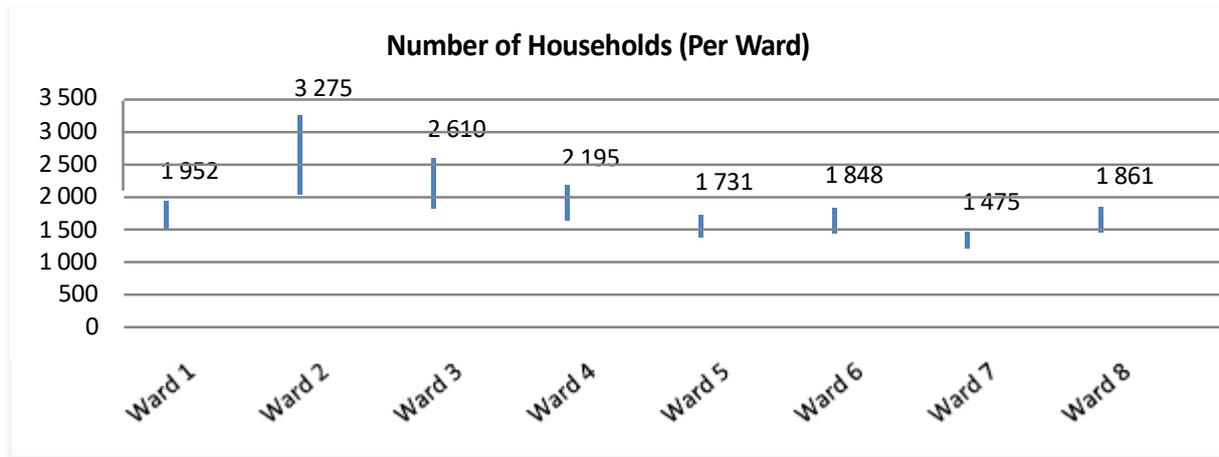
The table below shows that there is the increase in number of the households from 2011 to 2016.

Figure 8: Number of Households



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

Figure 9: Number of Households Per Ward



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

Figure 10: Pensioner Headed Households

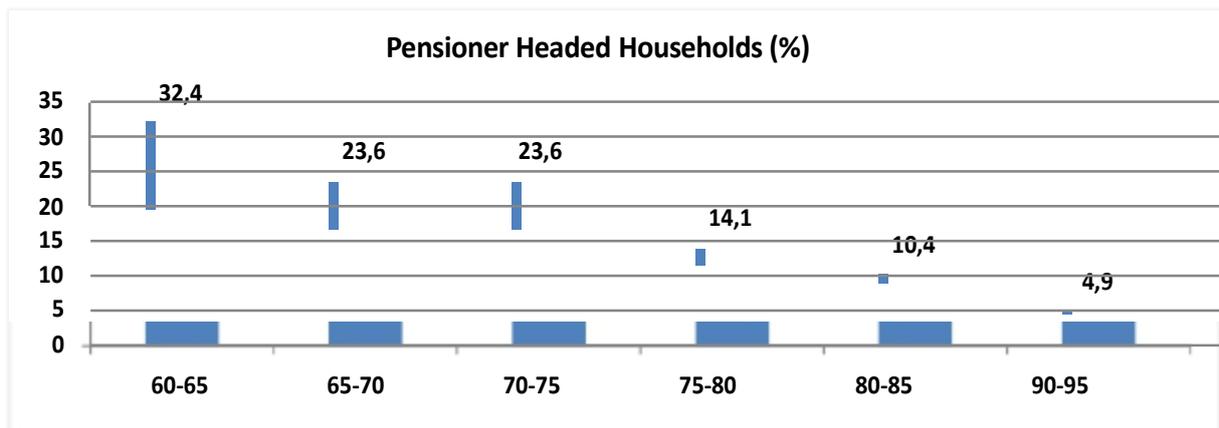
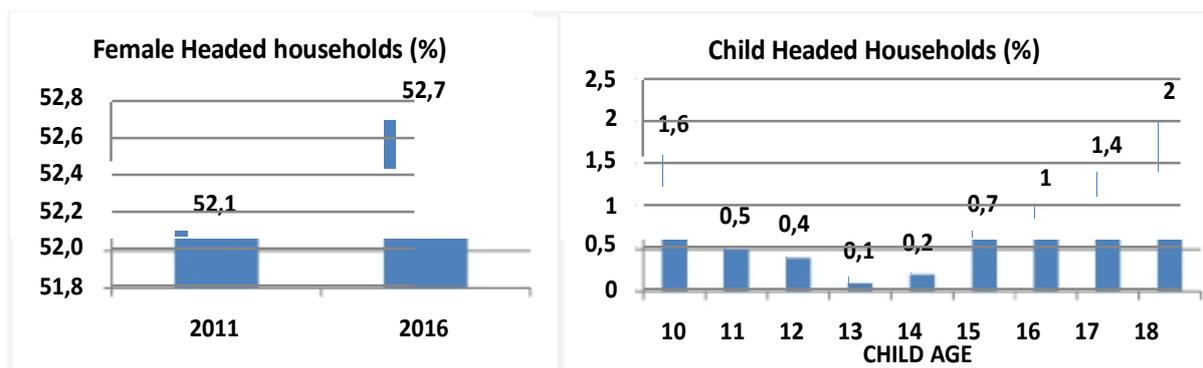


Figure 11: Female and Child Headed Households



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

SERVICES

Figure 12: Households Services

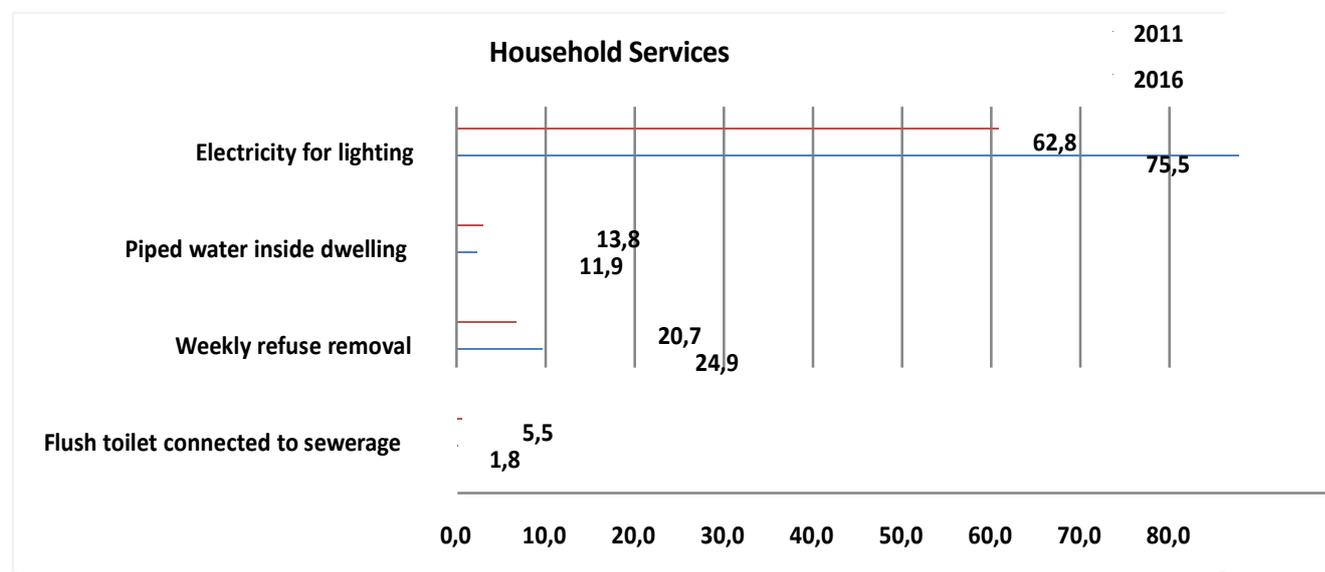
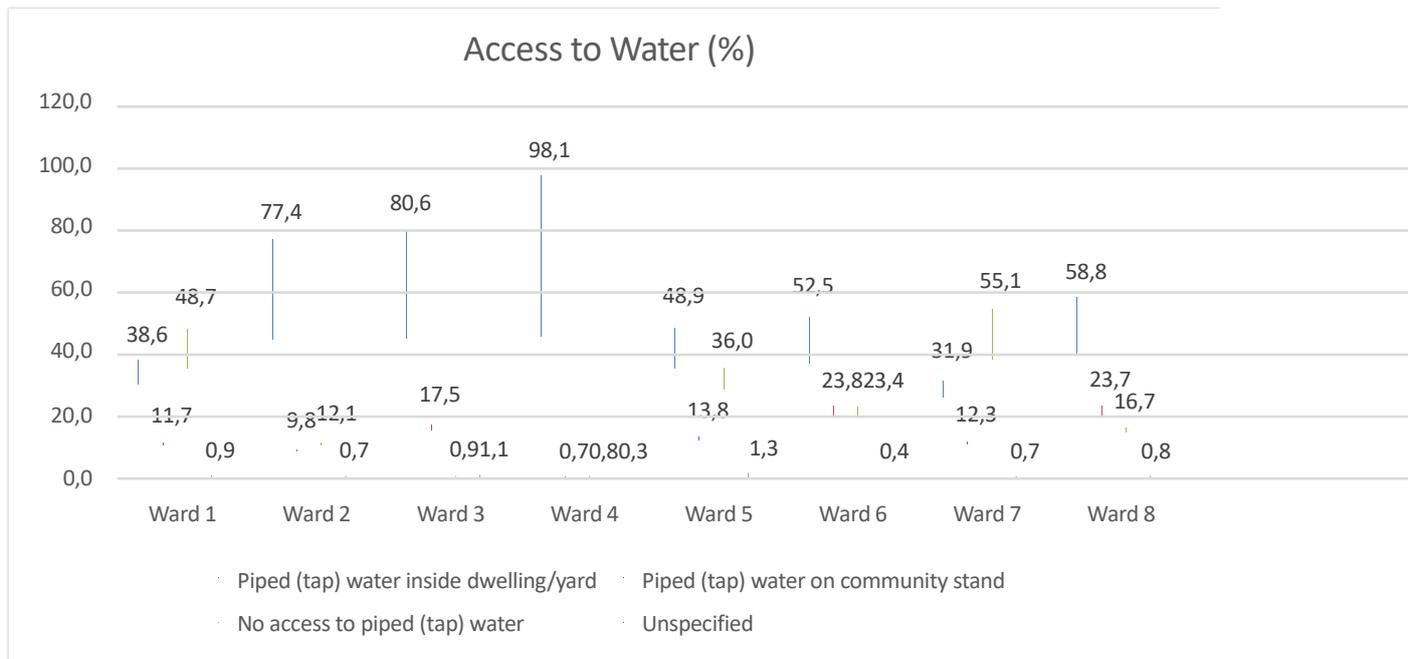


Figure 17 shows the table that from 2011 to 2016 electricity for lighting has increase from 62.8% to 75.5%. That the increase of 12.7% in the last 5 years. We still have challenge on piped water inside dwelling because we are decreasing from 13.8% to 11.9% that is -1.9%.

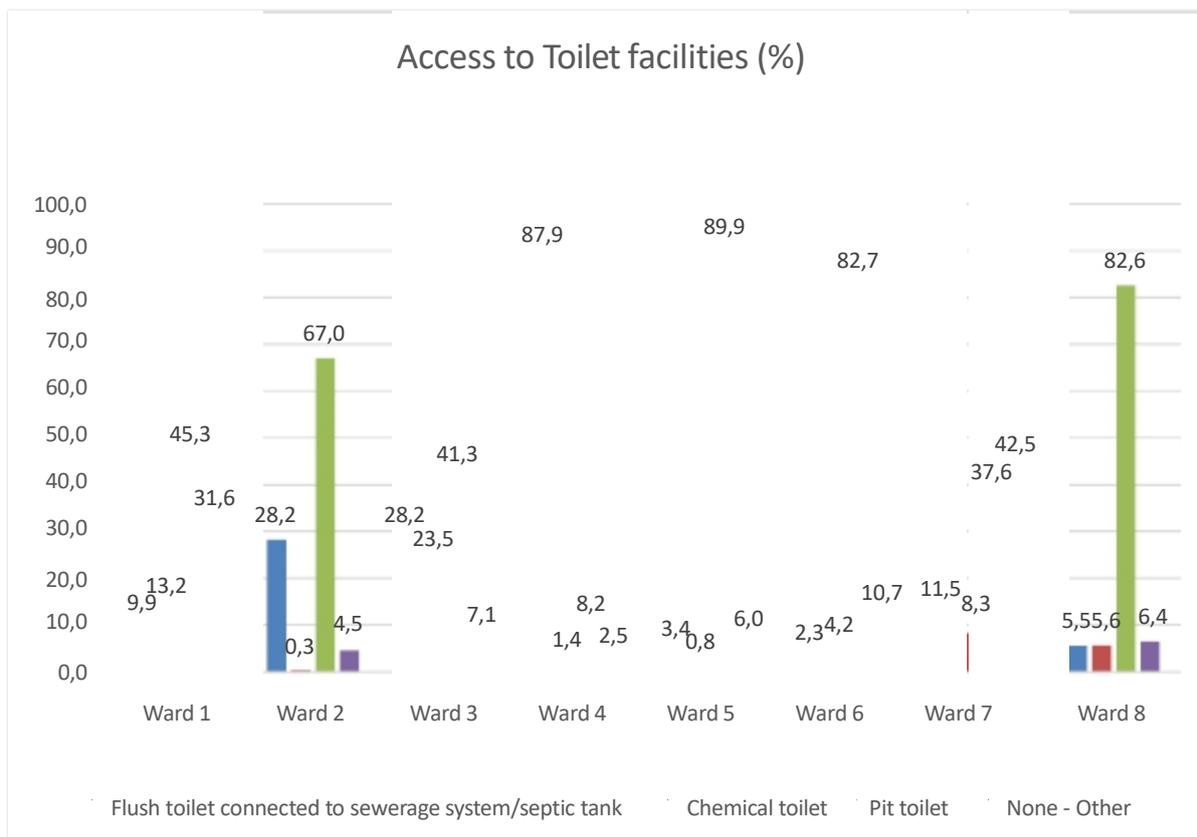
On weekly refuse removal there is the increase in this area because from 2011 to 2016 had a 4.2% increase. The challenge that we had is that of flush toilet where we are still behind schedule because from 2011 to 2016 we are decreasing from 5.5 % to 1.8% that is -3.7%.

Figure 13: Access to Piped Water



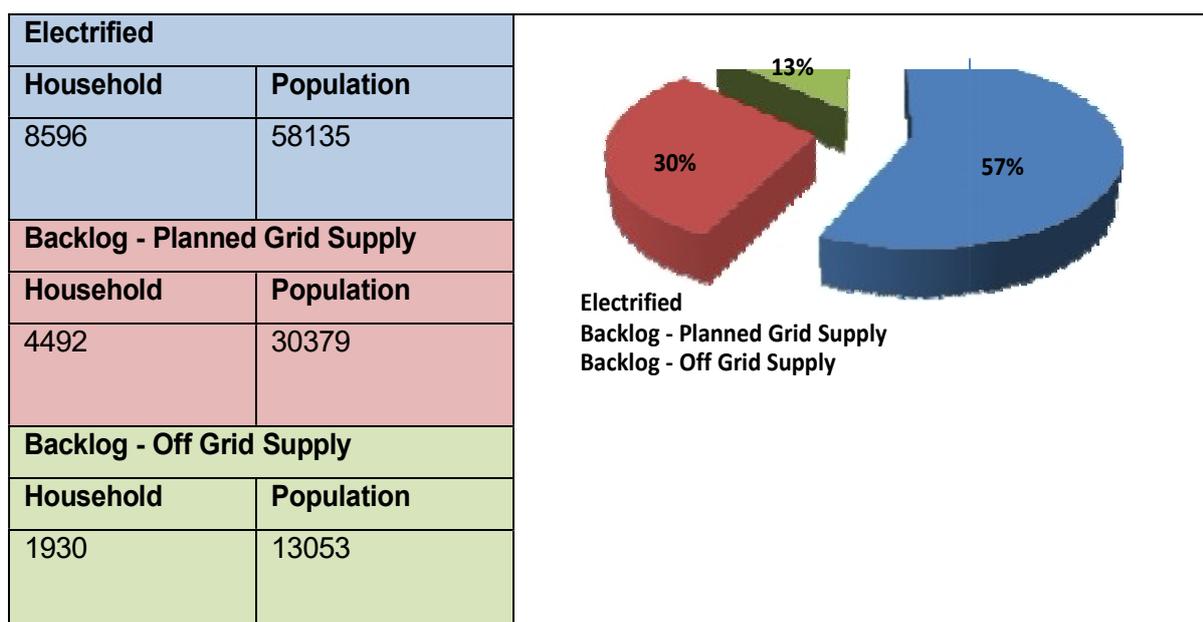
The Figure above shows access to piped water per wards, in this table shows that ward 3,4 and 2 are the most that have water inside dwelling/yard compare to other wards. Wards 1,5,6 and 7 still have no access to piped water and all the wards has access to piped water on community stand.

Figure 14: Access to Sanitation



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

Figure 15: éDumbe Electricity Backlog



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

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

Figure 16: Access to Electricity (Cooking)

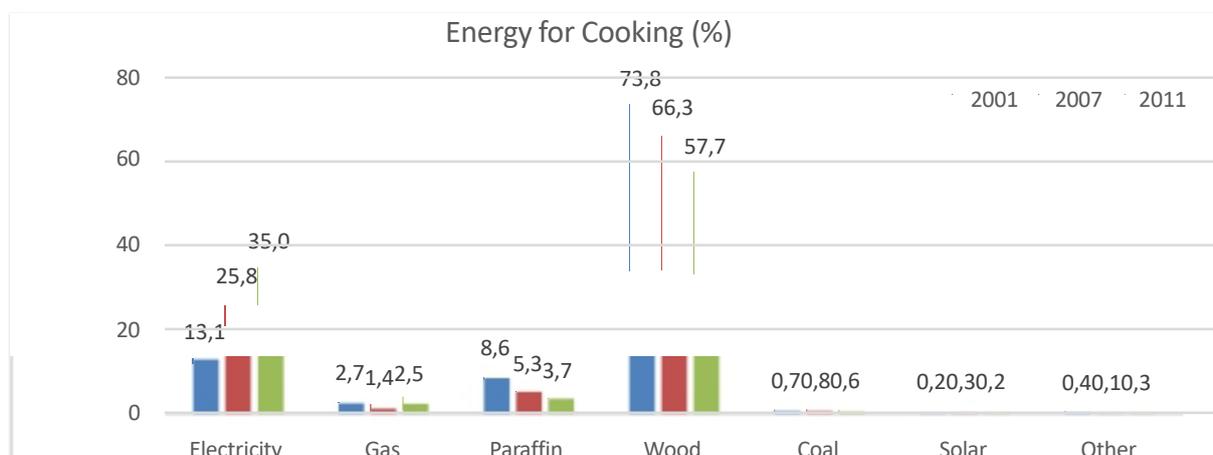
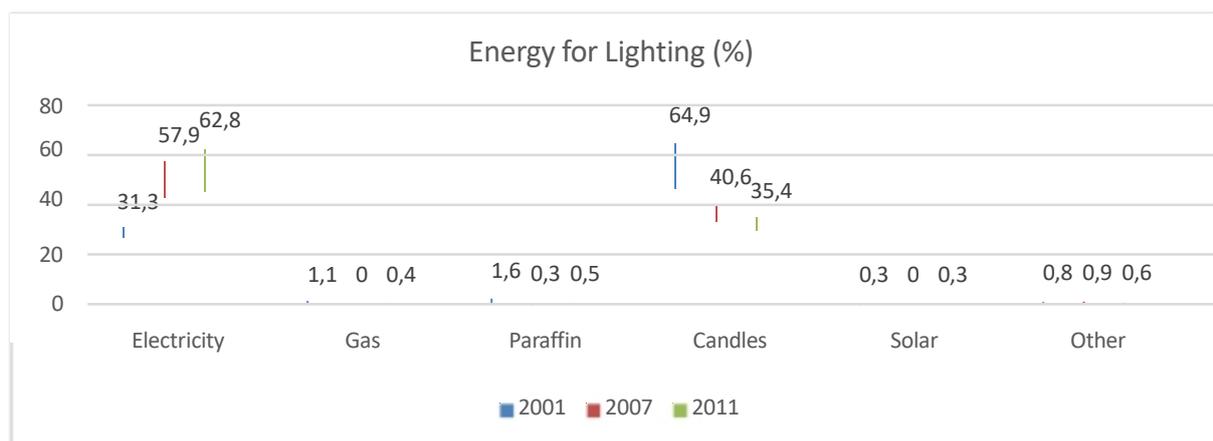


Figure 17: Access to Electricity (Lighting)



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

Figure 18: Access to Electricity (Heating)

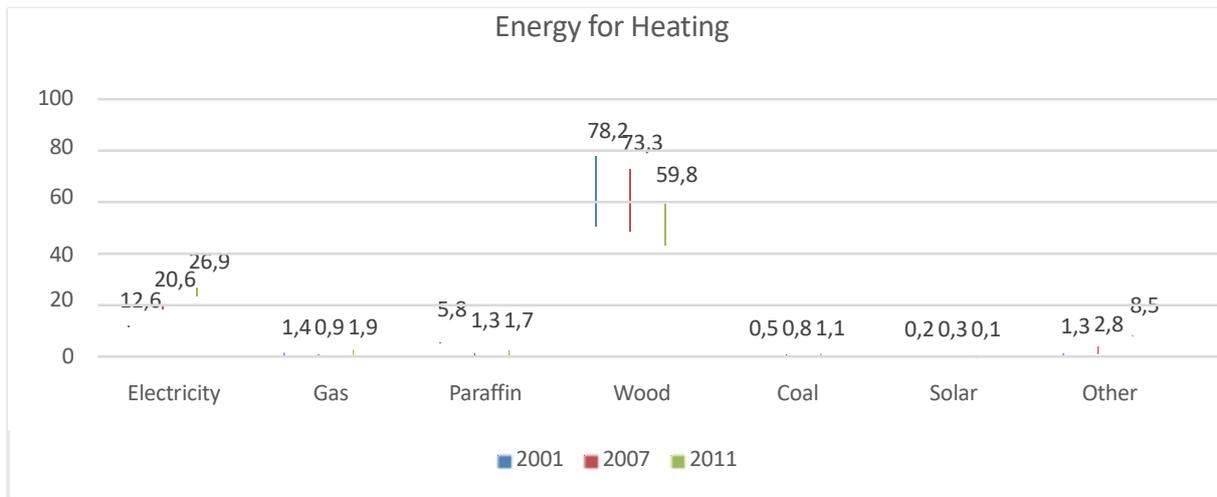
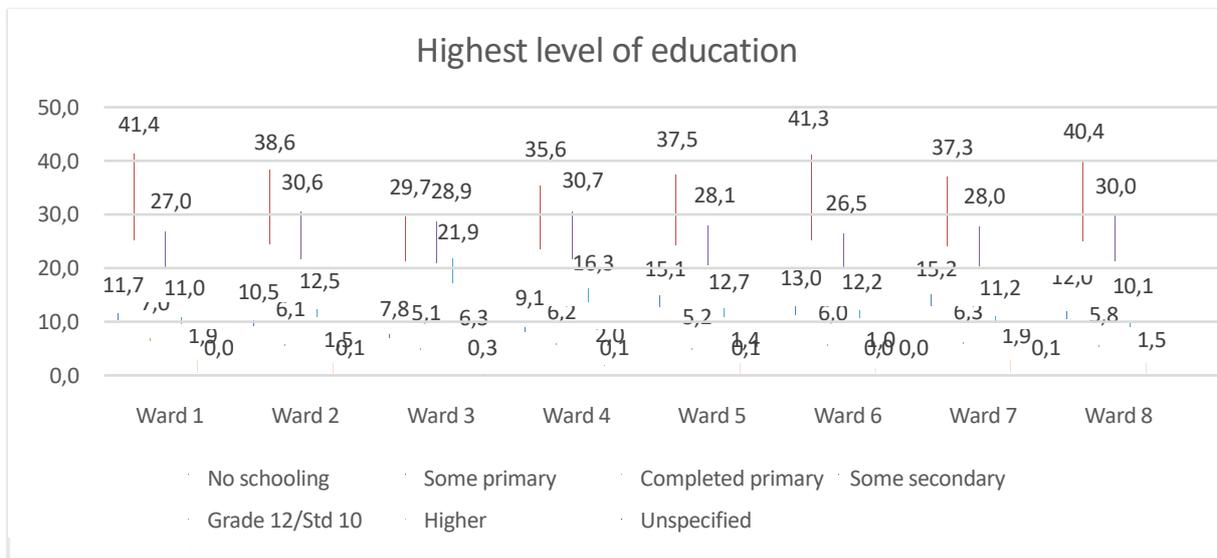


Figure 18 shows the decrease in community using wood for energy for heating from 73.3% in 2007 to 59.8% in 2011 that shows the decrease of -13.5%. The increase in community using electricity for heating went from 20.6% in 2007 to 26.9% in 2011 that is 6.3% increase.

EDUCATION STATUS

Figure 19: Educational Status



The above Figure shows the highest level of education in all wards that has increased from 2011. The highest level of education was 4.0% now in 2016 is 6.6% that shows the increase of 2.6%.

Figure 20: Education Level (Over 20 Years Old)

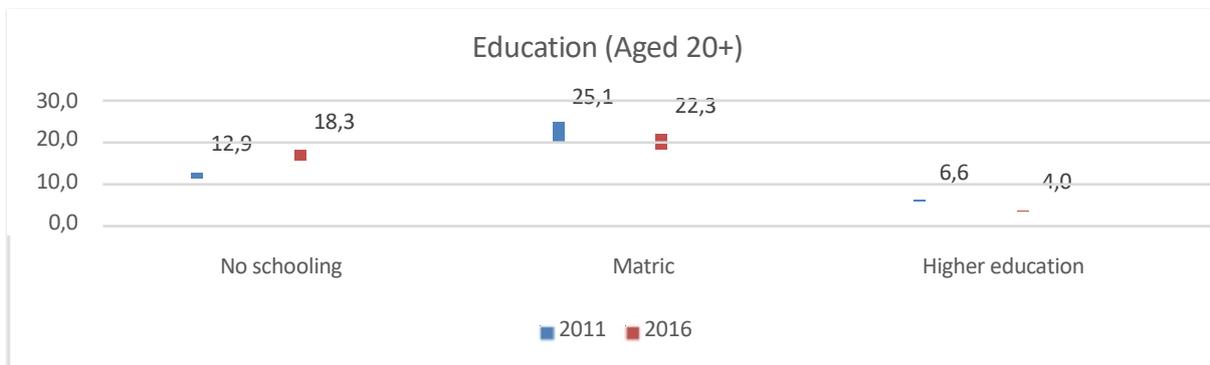
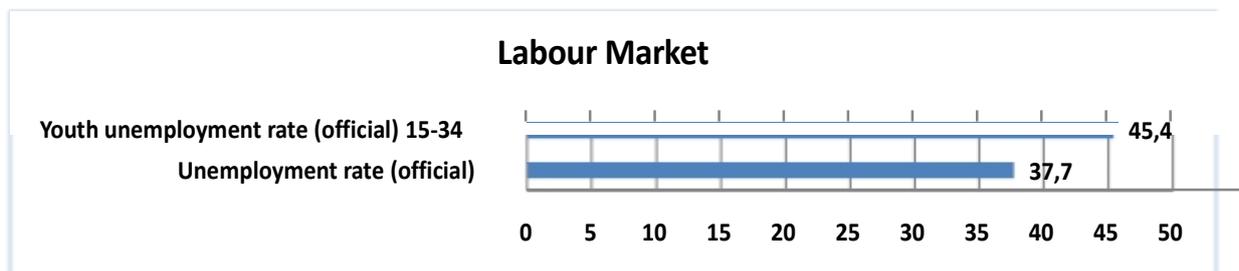


Figure 20 shows that from 2011 to 2016 there was the increase in matric by 2.8% and for no schooling it has decreased from 18.3% to 12.9% that is 5.4% decrease. For higher education it shows the increase of 2.6% than the previous years.

LABOUR MARKET

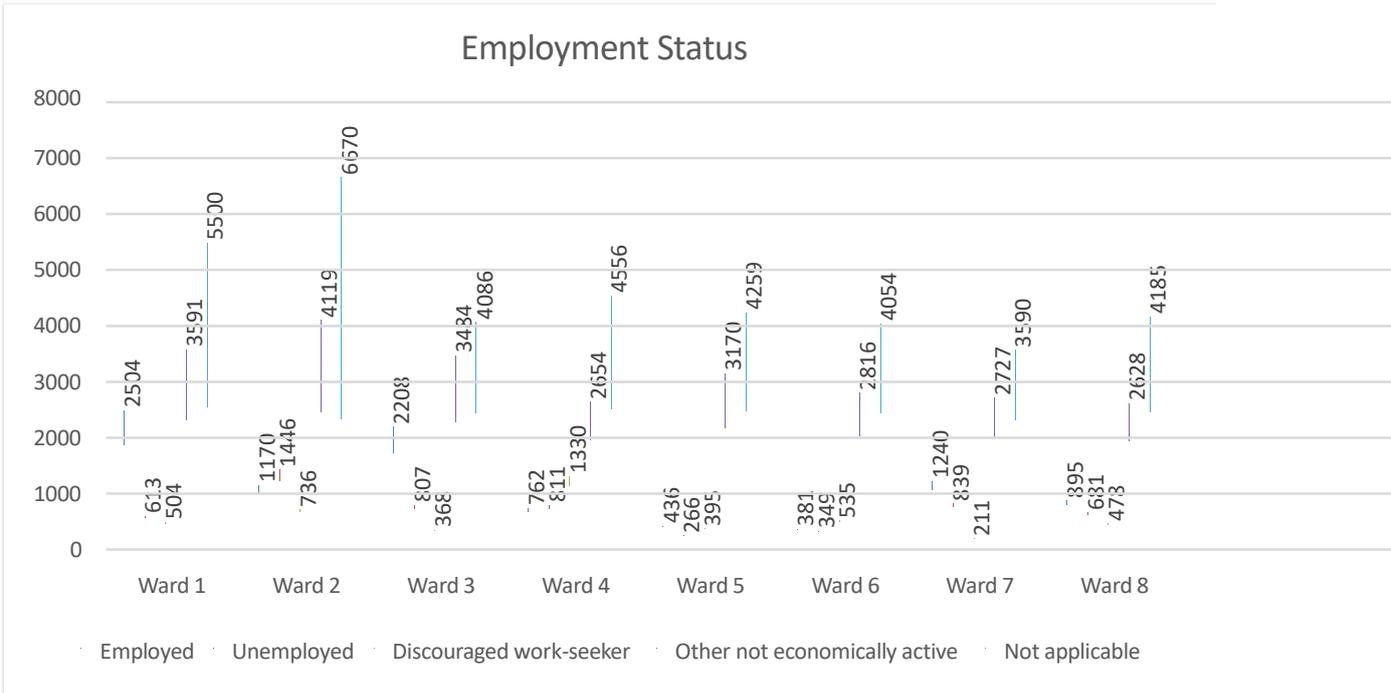
Figure 21: Labour Market



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

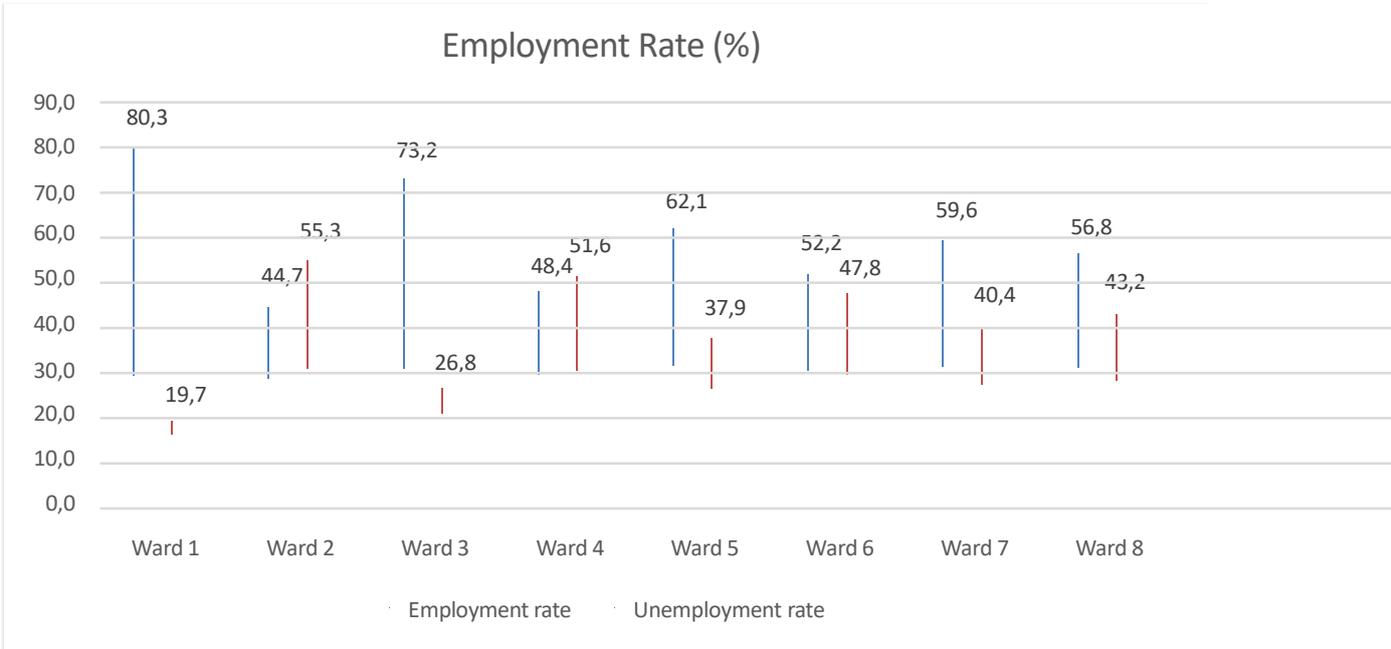
2.15.5. EMPLOYMENT STATUS

Figure 22: Employment Status



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

Figure 23: Employment Rate



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

KEY FINDINGS (INCLUDING TRENDS)

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

- Job opportunities
- Educational facilities
- Social and recreational facilities

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

SPATIAL ANALYSIS

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

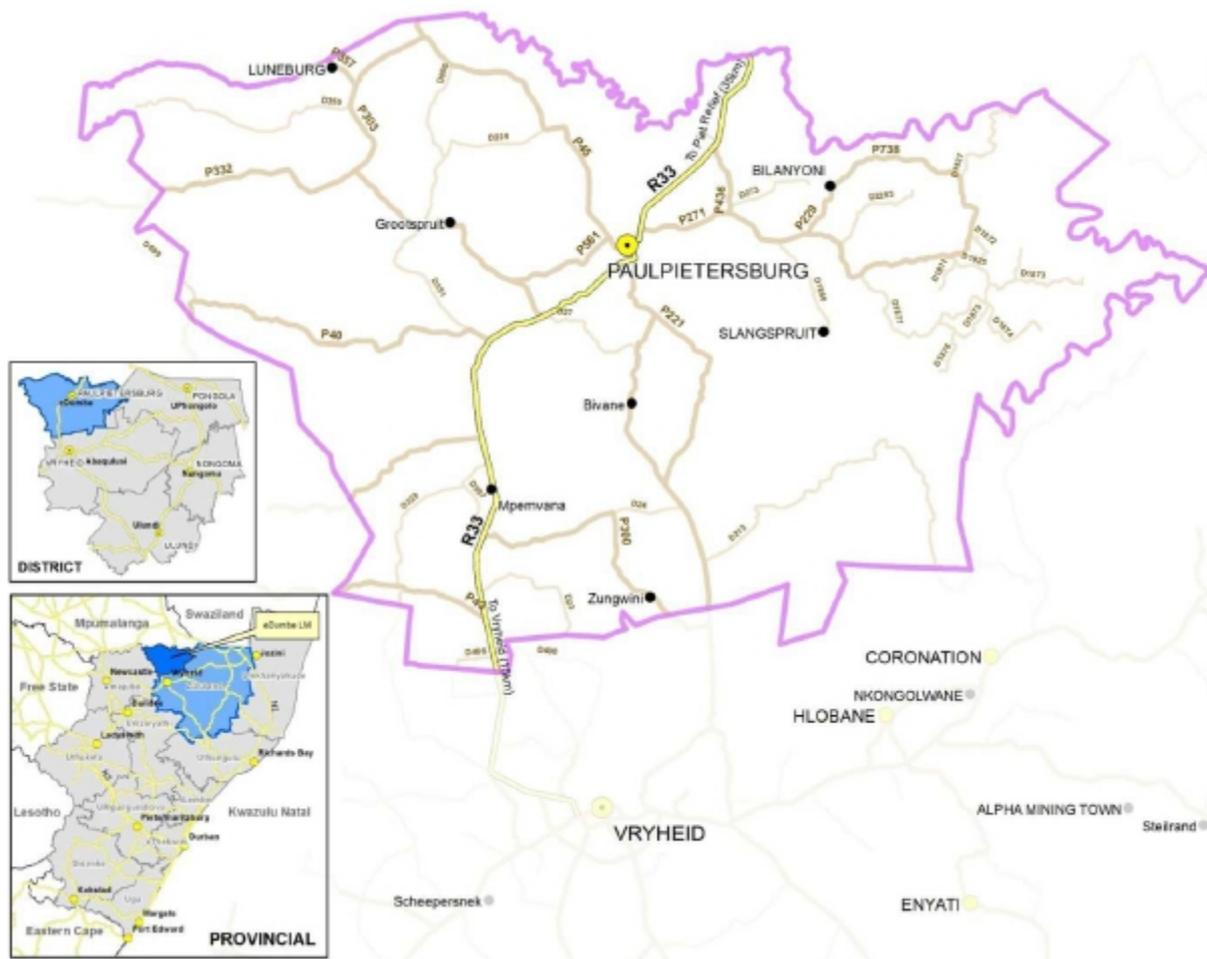
The Municipality needs to establish development strategies for this IDP cycle of five years given that their organizational functioning is well aligned to these strategies. As such, this section of the IDP will provide some contextual information pertaining to the municipal area, consider the demographic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

EDUMBE REGIONAL CONTEXT

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

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

Map 1: Regional Locality

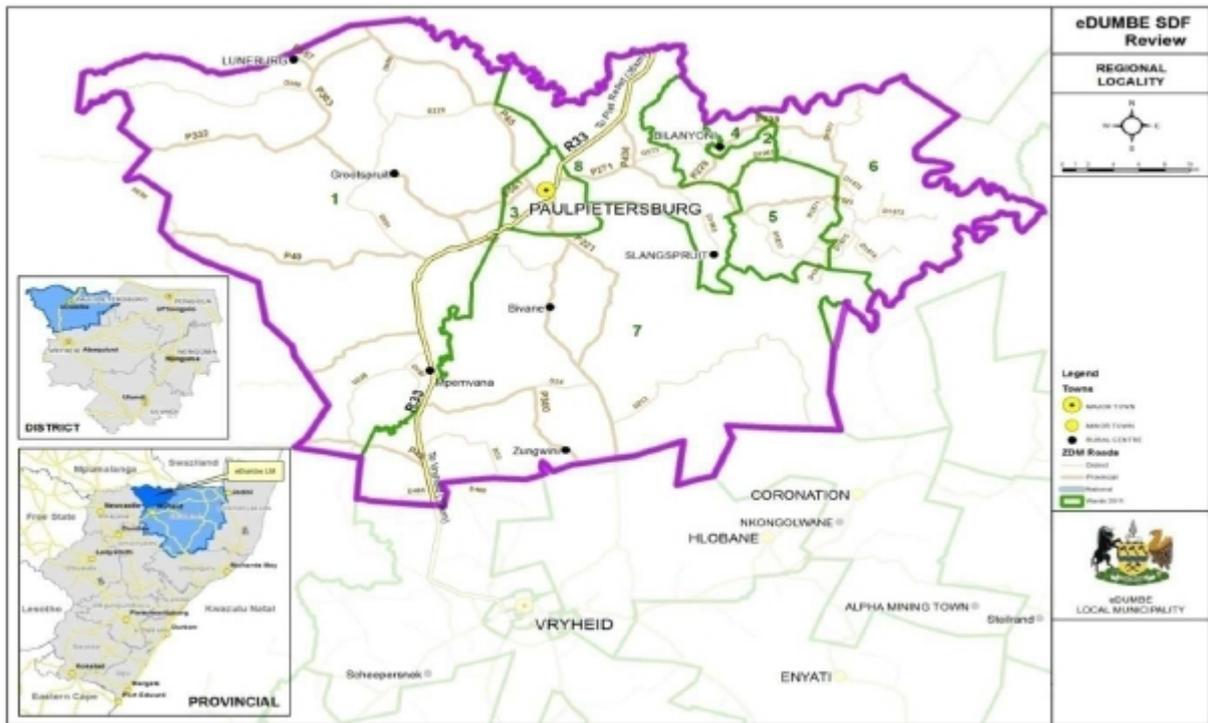


EDUMBE ADMINISTRATIVE ENTITIES

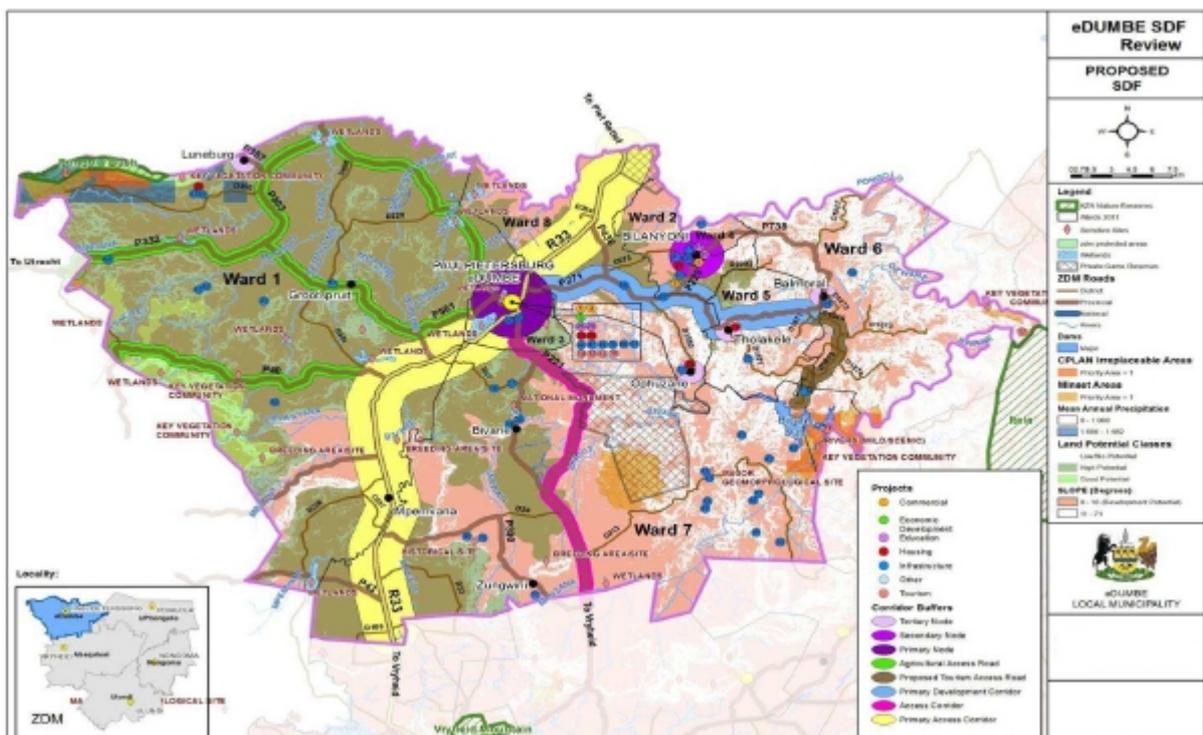
The éDumbe Local Municipal Area consists of 8 Wards, with most of the land is farms and subs and Three Traditional Authority Areas of scattered rural settlements (on the eastern part) that are administered by the Ingonyama Trust, namely:

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

Map 2: eDumbe Wards



Map 3: eDumbe Traditional Authority Areas



CHAPTER 5. FINANCIAL PERFORMANCE

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

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

- 1) On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must:
 - a) Consider the statement or report
 - b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
 - d) Issue any appropriate instructions to the accounting officer to ensure:
 - i. that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - ii. that spending of funds and revenue collection proceed in accordance with the budget;
 - e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - f) In the case of a section 72 report, submit the report to the council by 31 January of each year.

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

3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

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

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

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

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

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

CHAPTER 6. GOOD GOVERNANCE AND COMMUNITY PARTICIPATION

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

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

MAYORAL INGOMA & ISICATHAMIYA SOCIAL COHESION PROGRAMS

In December 2021, Office of the Mayor and Community Services Section coordinated the following community programmes i.e. Ingoma and Cothoza Competitions. It should be noted that due to Covid -19 many activities had been suspended throughout the year. eDumbe local Municipality this December has hosted Ingoma, IDP roadshow and Isicathamiya. These programmes were hosted on different dates. The isiCathamiya competition was hosted hand in hand with Oswenka and oNobuhle. Oswenka -the men parade with their fancy outfits for the judges. This is more than a fashion show. Each contestant parades slowly in front of an audience and the judges in slow-motion reviling different aspects of the attire in an expressive movement. The Nobuhle is a chance for ladies to parade in front of judges and audience showcasing their outfits with a distinct walk. The Ingoma was hosted in different wards. Each day there was a winner. The groups were competing for the prizes ranging from money to livestock. There were 13 groups from Ingoma association and 10 groups from Cothoza including oNobuhle and oSwenka.

MAYORAL INGOMA/isiCathmiya			
16 DECEMBER 2021			
TIME	PROGRAMME	Venue	Prize (s)
08:00 – 18:00	Ingoma	Bilanyoni	R10 000
26 DECEMBER 2021			
08:00 – 18:00	Ingoma	Kwa Ngwanya	R20 000
27 DECEMBER 2021			
08:00 – 18:00	IsiCathamiya	Town Hall	R30 000
28 DECEMBER 2021			
08:00 – 18:00	Ingoma	Mangosuthu	Cow
31 DECEMBER 2021			
08:00 – 18:00	Ingoma	KwaVova	R20 000

Ingoma – 16 December 2021



THE IDP ROADSHOW & BUDGET DECEMBER 2021

The Council eDumbe Municipality adopted the draft IDP and Budget, paving the way for the document to be published publicly in order to get public inputs. The IDP & Budget roadshow took place in eDumbe ward 10, Mangosuthu

eDumbe is therefore calling on people to fully participate on the roadshows as they assist in planning for its upcoming financial year. During the IDP meetings community members were afforded an opportunity to raise key issues to the Mayor on service delivery matters that affect them as well as priority issues in their communities. Contained in the IDP & Budget document is Tariffs, Subsidies and issues that affect the eDumbe residents directly.

In previous years, eDumbe residents gathered in community halls to indicate to the leadership what they wanted to see happening in their wards, and what they want included in the IDP. This planning phase of the IDP which took place in mangosuthu and all other wards within eDumbe, falls under the analysis phase in which all wards in eDumbe are consulted to generate views on what people want and how people feel about particular issues.

Planning phase	Methods for Participation
Analysis	<ul style="list-style-type: none"> • Community Meetings organised by the ward councillor • Stakeholder Meetings • Surveys and opinion polls (getting views on how people feel about a particular issue)
Strategies	IDP Representative Forum Public Debates on what can work best in solving a problem Meetings with affected communities and stakeholders
Projects	Representation of stakeholders on project subcommittees
Integration	IDP Representative Forum
Approval	Public Discussion and consultation with communities and stakeholders
Monitoring and Implementation	IDP Representative Forum



Ingoma – 26 December 2021



isiChatamiya – 27 December 2021





Ingoma – 28 December 2021



WARD COMMITTEE ELECTIONS

In January 2022, eDumbe Municipality embarked on a process of appointing Ward Committees, post to 2021 Municipal elections. The process was led by Office of the Honorable Speaker Cllr. D.J Nhlengethwa and the Honorable. Mayor, Cllr M.S Mkhabela. Ward committee members were established for all 10 wards within the jurisdiction of eDumbe.

Based on policy ward Committees can have up to 10 members who can represent a variety of interest groups. The ward committee members may also be elected on a geographical basis as consideration was made that all ward vd's would be integrated. Ward committees are a link between the municipality and the community.

Ward committees have the following responsibilities:

1. Make representations and recommendations on local government issues in their wards.
2. Communicate between the municipality and the people through the ward councillor.
3. Hold the ward councillor accountable on the fulfilment of their duties.
4. Engage the community through regular meetings and other forms of interaction.
5. How do ward committees function

A ward committee should meet at least 4 time in a year because ward councillors must report back to their wards on a quarterly basis. Ward committees must also meet when the following matters are discussed:

1. the Integrated Development Plan
2. the Performance Management System
3. the Annual Budget
4. the Annual Report
5. Policies and by laws.

Various committees have formed partnerships over the years, and the result has been a cohesive campaign that has community members working towards a singular goal.



SCHOOL FUNCTIONALITY MONITORING PROGRAMME

Led by the Kwa-Zulu Natal Legislature all Members of the Legislature were deployed throughout the province to monitor the functionality of schools as part of the Legislature's oversight responsibility which has seen great impact on the delivery of quality education in the province. The Hon. Mayor of éDumbe delegated his powers to the Deputy Mayor of éDumbe Cllr. S.J Kunene that together with members of the provincial legislature visited schools around éDumbe to assess the functionality of the schools.

The purpose of the programme was to assess the state of readiness for the 2022 academic year. This also ensures that teaching and learning happens on the first day of the opening. The programme helps to gain first- hand information on the challenges faced by the schools. The focus is on effective teaching and learning process, availability of key resources and staffing among other things. Teacher-Learner support material, parent involvement in school matters and infrastructure is also on the agenda. One noticeable engagement was at Kwamnyayiza Secondary & Ophuzane Primary School.







ESTABLISHMENT OF OPERATION SUKHUMASAKHE LOCAL TASK TEAM/ LTT (SECTOR DEPARTMENTS).

LOCAL TASK TEAM`S OPERATION SUKUMA SAKHE was adopted on **2 February 2022** in **éDumbe Municipality Council chamber**. In KwaZulu-Natal, Back to Basics had been resolved to be implemented through Operation Sukuma Sakhe (OSS). LTT is a platform whereby all local stakeholders gather to share progresses, challenges and articulate upcoming programmes and projects. This platform has proven to be successful and popular hence it enhances Government`s service delivery approach and pace.

NGOs, NPO, CBO`s, Government Sector Department and Private Sector are part of this prestigious gathering whereby the Hon. Mayor of éDumbe Municipality, Cllr. M.S Mkhabela is the Chairperson thereof.





OPENING MDWADLAZA BRIDGE – 03 FEBRUARY 2022

Upon being elected by Council, the Hon. Mayor, Cllr M.S Mkhabela's first priority for his 100 day development programme was to accelerate the completion of all Capital Projects which had passed their lead time and completion dates. One of the projects was Umdlwadzaza Bridge. The celebration of its completion was a milestone to the Hon. Mayor as it marked the first opening of a Capital Project in his term and moreover the bridge would bring relief to commuters that use the bridge situated over Bivanyana River on a daily basis.



CLEAN-UP CAMPAIGN IN FEBRUARY 2022

The éDumbe Municipality Clean Up campaign was initiated through the Office of the Mayor in conjunction with the EPWP and CWP programme. On the first Friday of each month, the Mayor joins communities in cleaning-up their areas. The Mayor's participation in the programme has drawn significant support from the private sector, who have partnered with the municipality to provide bags, gloves and refreshments to the participants. The programme has expanded whereby local communities are organizing their own clean-ups in problematic areas and the municipality provides a waste truck to assist them. Furthermore, it has created a platform where the municipality can further educate people about recycling.







2021/2022 MID-TERM REVIEW AND BUDGET ADJUSTMENT WORKSHOP

The Council of éDumbe Municipality, Directors, Managers took part in Mid-Term Review and Budget Adjustment workshop on 15-17 February 2022. The workshop formed the basis of the new council to prescribe their new vision into the municipal budget but also to capacitate éDumbe Municipalities' Council and officials. Section 72(1) of the Municipal Finance Management Act (MFMA) requires from the Accounting Officer of the Municipality, to submit a mid-year budget assessment report to the Mayor before the 25th of January each year on the state of the municipality's budget based on the section 71 reports submitted; the municipality's service delivery performance during the first half of the financial year taking the service delivery targets and performance indicators as set in the Service Delivery and Budget Implementation Plan (SDBIP) into account; and, the previous year's (2020/2021) annual report.

Section 28 of the MFMA determines that:

“(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget –

(a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

(C) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

(d) May authorise the utilisation of projected savings in one vote towards spending under another vote;

(e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

(f) May correct any errors in the annual budget; and

(g) May provide for any other expenditure within a prescribed framework.



SCHOOL MONITORING AND VISITS

The school monitoring and visits campaign which was formally implemented by Kzn legislature was adopted by the Mayor's office and has become an ongoing campaign which seeks to continue to gain first- hand information on the challenges faced by the schools. The focus is on effective teaching and learning process, availability of key resources and staffing among other things. Teacher-Learner support material, parent involvement in school matters and infrastructure is also on the agenda. It goes further by becoming a supporting agent to schools in terms of social programmes and sport rejuvenation. On this day the office of the Mayor conducted a routine visit to Paulpietersburg Primary School to offer support and encouragement to its pupils ahead of their sports gala. Further engagements took place with the school Principal and the staff to continue their efforts by giving their students the best quality of educational support and unearthing their potential in sports and any other extracurricular activities.





WARD COMMITTEE INAUGURATION & INDUCTION

Subsequently after the Speaker's office and the ward councillors elected all eligible ward committee members. The Speaker's office conducted the elections to ensure that they were independent. Once all the members of the ward committee were elected, they all attended an induction training. As the Chair of the committee, the ward councillors also attended. The induction training was to equip ward committee members with the following skills

- Learning about the legislation relevant to ward committees. If you don't know this legislation, you may very well end up doing things that are not legal
- finding out about the standing rules and orders that will help you know much more about ward committee functions.
- finding out about how the council operates
- finding out about running a meeting, which is essential to being able to participate effectively in a meeting
- finding out about the code of conduct for ward committee members that will guide your behaviour as a ward committee member
- finding out about the powers and functions of ward committees. This is essential to help you know exactly what your role is as a ward committee member
- getting to know each other so you can begin to build an effective team.





2022-2023 STRATEGIC PLANNING WORKSHOP

The strategic planning exercise which involved all Councillors, Municipal Manager, CFO, Directors and Senior Managers commenced on the 22nd -24th of March. The purpose of the exercise was to cement the values of democratic rule and participation, equally taking stock of the challenges facing our municipality, many of which we were able to appreciate and deal with during our **strategic planning workshop**. Amongst these, is how do we turnaround our municipality?

The Council of éDumbe reaffirmed its commitment to breathe life into its vision that is outlined in our IDP. That **“By 2035 éDumbe will be a Liveable, Economically Progressive Municipality and a Gateway to Kwazulu-Natal.”**

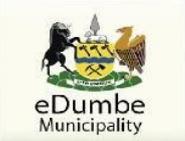
The central tenets of this vision refocus the priorities of éDumbe much more closely on a Back to Basics approach.

- Better quality service delivery along the lines of the powers and functions of municipalities as set out in the Constitution; and,

- Not to pursue vanity projects and duplicate programmes that are either the responsibility of other spheres of government, or through parallel initiatives within our own municipality.

1. Giving residents back their power by helping to reduce their vulnerability to load shedding and enhance access to reliable, affordable, and sustainable electricity;
2. Ensuring that every community has access to reliable, clean, running water, that is safe to drink and to prepare food; that we modernise water management and prevent untreated wastewater contaminating the environment.
3. Investing in safe, reliable, affordable public transport; well-maintained roads; and infrastructure renewal with measures to safeguard infrastructure from vandalism and theft.
4. Ensuring there is a hygienic environment to live and play, delivered through effective waste collection and waste disposal, working landfill sites, the implementation of recycling programmes through reclaiming of untidy public parks and cemeteries.

5. Promoting housing options, ensuring more people own their homes by receiving their valid title deeds.
6. Being tough on crime and tougher on the causes of crime by investing in localised law enforcement.
7. Minimising the risks which lead to poor health, respond effectively to health emergencies, and promote the resilience of communities through effective disaster risk management.
8. Regaining the financial stability by ensuring good governance; and
9. Bringing in investment and jobs to the local economy by making it easier to do business within the municipality.



2022 - 2023
**STRATEGIC
PLANNING**

DATE: 22-24 March
VENUE: THE EDWARD HOTEL | DURBAN
TIME: 2PM

Hon Mayor, Cllr.
MS Mkhabela

www.edumbe.gov.za Umkhandlu WaseDumbe @edumbelm



FORMULATION IDP REPRESENTATIVE FORUM IN MARCH 2022

The IDP Representative Forum Represent which is chaired by the Municipal Manager was established for the interest of the municipality`s constituency in the IDP Process to;

2.1.2 Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders inclusive of municipal government.

2.1.3 Ensure communication between all the stakeholder representatives inclusive of municipal government.

2.1.4 Monitor the performance of the planning and implementation process.

2.2 Responsibilities of the IDP Representative Forum

2.2.1 Form a structural link between the municipality and the public by informing interest groups, communities and organisations on relevant planning activities and their outcomes.

2.2.2 Analyse and integrate issues affecting the various sectors, determine priorities, strategies, projects and programmes and identify budget requirements.

2.2.3 Discuss and comment on the draft IDP/Budget.

2.2.4 Monitor performance of the planning and implementation process through the Quarterly and Mid-year Performance Reports and the Annual Report of the municipality



EDUMBE LOCAL MUNICIPALITY IDP REPRESENTATIVE FORUM

Date : 28 March 2022
Time:10h00
Venue: eDumbe Local
Municipality Town Hall



Hon Mayor, Cllr.
MS Mkhabela



www.edumbe.gov.za



Umkhandlu WaseDumbe



@edumbelm



**MAYORAL SOCIAL COHESION PROGRAMMES CONTINUED IN APRIL 2022
INGOMA AND ISICATHAMIYA**

The introduction of social programmes has made a vital contribution on the local art scene by positively impacting the trajectory of arts in providing necessary skills, opportunities and platforms. Programmes like these are launched with the intention to unearth vibrant talent whilst giving communities, especially the youth alternatives to loitering and getting involved with illegal activities and substances. Performing arts is intended to trace talented young people in various communities, develop their talent and refer them to various institution or competitions. It covers various categories from singing, acting and directing. These programmes also have the potential of growing our local economy. eDumbe Municipality has hosted the following programmes twice from December to June:

- iScathamiya,
- oSwenka, noNobuhle
- Ingoma

MAYORAL PROGRAMS APRIL 2022			
TIME	PROGRAMME	Venue	Prize (s)/ Amounts
08:00 – 18:00	Ingoma	Bilanyoni	R10 000
	MAYORAL WARD TOURNAMENTS (Soccer, netball etc.)		R10 000 per war
16 APRIL 2022			
08:00-18:00	Ingoma	Hlungwana	R 30 000
17 APRIL 2022			
08:00-18:00	iScathamiya(oSwenka,noNobuhle)	Town Hall	R20 000
18 APRIL 2022			
08:00- 18:00	Pool Tournament	Bilanyoni	R5 000





MAYORAL WARD TOURNAMENTS (SOCCER, NETBALL AND POOL)

Creating opportunities for especially the youth through sport and recreation is very important. Sport has the ability to unite, uplift and create opportunities in a unique and positive way.

- Mayoral Tournaments (Soccer, Netball, Pool) were hosted in April of this year in all 10 wards eDumbe, and will continue to be hosted annually,
- Mayoral Cup with all sporting codes to be hosted on the 30th of August 2022.







AQUELLE, CLEAN-UP CAMPAIGN IN APRIL 2022

A continuation of the eDumbe Municipality Clean Up campaign which was initiated through the Office of the Mayor in conjunction with the EPWP and CWP programme continues on the first Friday of each month as the Mayor joins communities in cleaning-up areas in eDumbe. The clean-up campaign continues to garner some support from the private sector, gaining new partnership with Aquelle #khula with aquelle. ,





INTER-FAITH PRAYER

The Mayor of éDumbe Municipality invited all faith leaders to the éDumbe council chamber for an inter-faith prayer. The call for the prayer comes in the mist of all the social issues that have been present in éDumbe and also came as we moved towards Easter weekend. The prayer was pivotal as many people would be on the roads travelling and festivities would be on a high. Therefore the Mayor saw it fit to pray for safe passage for all travellers and safety for all the people that would be part of the festivities that come with Easter holidays. Another looming issue was crime and the need to pray for peace within éDumbe. Sharing how we express and practice our respective faiths can yield great riches. Worshipping together encourages greater appreciation of others and ourselves. The power of coming together in prayer for a common cause is inestimable.



ROAD SAFETY AWARENESS CAMPAIGN – 14 APRIL 2022

The Mayor of éDumbe Municipality advocated for a road safety awareness campaign during the month of Easter weekend as a reminder to drivers of road safety and to create broader awareness among our community, about the magnitude of the road traffic injury problem and the main factors which place people at risk. This is because **road traffic trauma affects individuals, friends and families, and ultimately the entire community we live in.** The Mayor and Council of éDumbe Municipality strongly believe that every single South African should know and understand that our country has one of the worst road safety records in the world, losing over 40 people a day to traffic crashes, with a further 20 being left permanently disabled and several hundred suffering serious injuries.

Globally road traffic injuries are the leading cause of death for youth aged between 10 and 24 years. Of the 1.2 million people who lose their lives in road traffic crashes each year, almost a third of them are youth under the age of 25 years.

Dangerous roads have significant impacts on developmental objectives – especially because of the immense economic and social cost of road crashes. Road accidents cost the South African economy an estimated R133 billion annually, which has a significant effect on other needs such health, education, housing, job creation initiatives, water and electricity production and other state expenses.





ELECTRICITY SOD TURNING BAZANGOMA, KWALEMBE AND EHLOKO.

As part of éDumbe Municipality quest to reach 100% electrification status in éDumbe, the Hon. Mayor and the council of éDumbe Municipality reached another milestone when communities were presented with the Bazangoma, Kwalembe and Hloko electrification project which would commence in the Month of May. The electricity sod turning was to introduce the appointed contractors to the communities in which the project would be delivered in order to facilitate a cohesive working relationship between contractor and the community they would be working with to complete the electrification project. This brought hope to many house hold which fell behind in pervious electrification initiatives, especially in-fill households and newly built homes.





JUNE 16 -YOUTH DAY CELEBRATION

éDumbe Municipality had a Youth Day commemoration celebration march at éDumbe location, ward 3. They also gathered in the éDumbe location community hall with the hall full comprising of all the youth from the municipality's 10 wards. éDumbe Municipality Mayor, Cllr M.S Mkhabela reminded the future leaders of éDumbe of the importance of this gathering” This day is celebrated to recognize the role of youth in the liberation of South Africa from the Apartheid regime. The grounds of the movement lay in a 1974 official order which made Afrikaans compulsory in schools. The order stated that Afrikaans be used in conjunction with English for teaching in schools. Certain subjects like social studies, mathematics and algebra were required to be taught in Afrikaans while others like home science and general science were required to be taught in English. The use of local languages was prohibited was these subjects citing a provision in the constitution which laid down Afrikaans and English as the official languages of the country.

That was the struggle of the youth of 1976 each generation faces its struggle as we have seen with the recent call that fees must fall movement which was aimed at higher education institutions.” Cllr further reiterated the call for unemployed youth to engage the municipality and other relevant structures on grants for funding businesses and to access other streams income.



MAYORAL DINNER FOR PERSONS LIVING WITH DISABILITY

The Mayor of éDumbe opened up éDumbe Municipalities council chamber to persons living with disability for an open dialogue whereby issues that the disabled community can be interrogated in order to give them much needed intergration and freedom in éDumbe. The Mayor's Commission on People with Disabilities:

- Advocates for policies, programs, and systemic changes that maximize independence and community integration for Philadelphians with disabilities.
- Provides resources and referrals to local organizations that support residents with disabilities.
- Educates the community on laws that protect the civil rights of people with disabilities.

The Mayor strongly advocated that the Municipality should comply with policies that aim support people with disabilities by:

- Writing policies and procedures, and developing resources to ensure equal access to City-provided services, programs, and activities for people with disabilities.
- Educates employees and entities on disability-related laws.
- To oversee that éDumbe has a transitional structural plan for people living with disability to access municipality building and other building in éDumbe.
- Vowed to responds to grievances from residents with disabilities who feel discriminated against.

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

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



CONCLUSION

The office of the Mayor leading the vision as envisaged by éDumbe Municipality, its success depends on the partnership and full buy-in from various departments and stakeholders including communications, community service, civil society, business and all Citizens of éDumbe. It is therefore critical for all stakeholders to be engaged and always kept abreast in the single-minded pursuit of shifting éDumbe's growth path and improving the quality of life of all Citizens – hence the need for intentional objective-driven Public Participation programmes.

CHAPTER 6 : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

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

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

6.1. INFORMATION TECHNOLOGY

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

Introduction

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

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

Background

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

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

Internet Usage

The Business Connection - service provider appointed with effect from June 2019 has successfully installed Enterprise Internet solution in April 2020. The challenge that has been experienced for low bandwidth has been resolved by increasing Megabytes, as a result the internet speed has improved. At the same time ICT section has engaged with the service provider about changing the ADSL line connection to Fibre optic for most improved Internet speed and reliability.

Reviews conducted

As per clause 6.10 of the User Account Management policy reviews should be conducted on a monthly or quarterly basis. Hence, ICT systems reviews for Pastel, Sage VIP, Syntell and Network controller server were conducted during the quarter for which the report is made. The PoEs for the reviews conducted are submitted to the director for signing off and compilation of a monthly report to PMS Manager for assessment and keeping them.

Disaster Recovery Plan

The ICT unit is implementing the physical backing up of information on a weekly and monthly basis and restores on a quarterly basis as per clause 4 of Backup and Restore policy. Should the disaster occur, for the equipment required the municipality would consider contacting the service providers to supply with the resources to ensure the continuity of the business using an alternative site. The ICT section made budget available in 2021/2022 financial year for the required equipment to implement DRP/BCP test. Hence the SCM process was initiated in September 2021, however, until to date no appointment of the service provider is made because it was discovered that the vote for which the ICT unit allocated budget to for this service has disappeared from the system, as a result the process of appointing the service provider for the DRP equipment will commence subsequent to the adjustment budget around February 2022.

Backups performed

In spite of the instability caused by COVID-19 pandemic, the ICT unit as classified as an essential service unit continued with implementation of backing up of information on a weekly and monthly basis as well doing restores on a quarterly basis as per clause 4 of Backup and Restore policy during lockdown and that has been happening regularly. It must be noted that the online backup of information is also performed on a daily basis should any disaster or disruption of the systems occur.

ICT Contracts

ICT contracts		
Name of Service Provider	Service provided	Performance status
1. Itec Company– copier machines	The service provider supplied and maintains the copier machines.	The performance is satisfactory. In case of challenges the service provider responds instantly.
2. Business Connexion (Pty) Ltd– Internet	The service provider supplies with Internet service.	The service is uninterrupted except in a situation of failure by Telkom to supply the network to the whole town. The internet speed improved after the increase in Megabytes.
3. Conlog – Electricity (Finance)	The service provider provides with electricity sales services.	The service is well performed.
4. PABX s – Telephone system	Business Connexion (Pty) Ltd supplied and delivered with PABX system on an outright purchase condition.	The telephone system is well handled by the municipality by controlling the outgoing calls to avoid the exorbitant loss on this service.
5. CCG Systems – Financial management	Contract expired in August 2017. MEMORANDUM OF AGREEMENT was signed between the municipality and CCG Systems (Camelsa Consulting Group).	This financial system is well monitored by ICT unit; hence it is functioning well and gets upgraded timeously.
6. Sage VIP – Payroll	This is the payroll system responsible for paying employees' salaries and wages	This payroll system functions well and gets upgraded timeously when necessary.

ICT Challenges and Proposals

Challenge	Proposed Solution
1. The ADSL is susceptible to weather conditions and network equipment is ageing.	<ul style="list-style-type: none"> The Internet connection mode has to change from ADSL to Fibre optic to better improve speed and ensuring reliability.
2. Shortage of working tools and equipment.	<ul style="list-style-type: none"> There is still a shortage of computers or laptops for other municipal staff although in 1st quarter about 05 laptops were purchased. The licensing of software in the existing computers or laptops is still a challenge, and this should be addressed before 2020-22 financial year ends.
3. The improvement of the server room is inadequate.	<p>The ICT unit still have to purchase the following lacking equipment for the server room:</p> <ul style="list-style-type: none"> Purchase the steel door Concrete ceiling Smoke detector Fire suppressor <p>However, the budget for purchasing this equipment is inadequate.</p>
4. DRP/BCP is not tested, therefore in an event of a disaster (i.e. burnt building, floods etc.) the municipality may encounter difficulties responding to the incident as there is inadequate preparation for the event and this could result a delayed business recovery from the event.	<p>The ICT unit has made the budget available for the purchase of equipment for the implementation of DRP/BCP test in 2021/2022 since in 2020/2021 it was realized that the budget was insufficient to purchase the required equipment. Unfortunately the vote for this service has also disappeared from 2021-2022 financial budget in Finance department.</p>
5. The municipality is using old software version e.g. King III version instead of king IV, in addition the products are unlicensed (Microsoft office and windows, network firewall).	<p>The ICT unit should employ new innovations technologies and purchasing the lacking software licenses e.g. Ms Office, the budget for this should be made available in 2021-22 financial year. The training about the development and implementation of King IV version is required in ICT staff. Alternatively, the outsourcing of ICT policies development in line with the King IV version could be solution, and this could require an enormous budget.</p>
<p>6. Non-approval of ICT policies</p> <p>About 15 ICT policies reviewed but not</p>	<p>The CCS director had to ensure that the remaining ICT policies get approved by the Council before the end of 2021/2022 financial year for the validity of their implementation.</p>

<p>approved by Council. Only 11 policies were approved in 2018.</p>	
<p>7. Information Security and Cyber-attacks.</p> <p>The network infrastructure currently in place is inadequate and vulnerable from external and internal attacks (Cyber-attacks and Fraud).</p>	<ul style="list-style-type: none"> • A licensed firewall software was not successfully purchased in 2020/2021 financial year, and it is compulsory for the purchase of the licensed firewall software in 2021/2022 financial budget.

ACHIEVEMENTS

- About 08 laptops were purchased in 1st quarter for 2021-2022 financial, whereby 05 of them were allocated to staff and 03 of them contribute to the DRP equipment.
- About x03 routers were purchased to replace the routers damaged by the disruption occurred in the electricity.
- About x02 switches were also purchased to replace the damaged ones.
- One computer for Communications Officer was purchased.

MUNICIPAL WEBSITE

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

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

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

CONCLUSION

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

6.2. PUBLIC SAFETY

Vehicles Testing Station {VTS}

The sub-section deals mainly with Testing of vehicles for Roadworthiness. This sub-section has 12 equipment that needs to be calibrated and it is inspected by SABS annually. The revenue generated by this sub-section is for municipality. South African Bureau of Standards {SABS} only take 3% of each vehicle that has been tested. This sub-section is manned by x2 Examiners with Grade A; X 1 Pit Assistance; x 1 General worker; x 1 Supervisor and x 2 Cashiers.

FIRE

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

Disaster Management

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

SUMMARY STATISTICS AS AT 30 JUNE 2022

Wards	Types of incidents	Number incidents	of	Househol d affected	People affected	Fatalities	Injuries	ASSISTANTS GIVEN
1	HEAVY RAIN & STRONG WIND	HS,HR & LI		19	127	0	0	7 BLANKETS & 2 SPONGE
2	HEAVY RAIN	HR		1	3	0	0	NONE
3	STRUCTURAL FIRE	FI		3	9	0	0	5 BLANKETS, & 2B -BOX
4	HAIL STORM& HEAVY RAIN	HS & HR		2	8	0	0	NONE
5	STRUCTURAL FIRE & HEAVY RAIN	HR & FI		3	14	0	0	3 BLANKETS
6	HEAVY RAIN & HAIL STORM	HR & HS		15	82	0	0	4 BLANKETS & 2B -BOX
7	STRONG WIND, HAIL STORM & HEAVY RAIN	SW, HS & HR		9	41	0	0	B-BOX
8	HEAVY RAIN	HR		2	6	0	o	NONE

9	HEAVY RAIN & STRUCTURAL FIRE	HR & FI	4	23	0	0	PLASTIC SHEET
10	HEAVY RAIN, HAIL STORM & STRUCTURAL FIRE	HR, HS & FI	12	21	0	0	PLASTIC SHEET
TOTAL	FIRE, HEAVY RAIN, HAIL STORM & STRONG WIND	FI, HR, HS & SW	70	334	0	0	19BL, 1SP, 5B-BOX & 2PL

6.3 ADMINISTRATION

BACKGROUND

The Administration Section consists of committee (council support), registry and cleaners. In the Committee Section there is Committee Officer and Committee Clerk. Registry has got Registry Officer and Registry Clerk. Cleaners have no supervisor, Cleaners are cleaning administration buildings like main offices, community hall and some satellite offices have one cleaner and some have no cleaners due to non replacement when they have retired.

CONSOLIDATED REPORT ON MEETINGS CONDUCTED

MEETINGS HELD	ANNUAL TARGET AS PER SDBIP	STATUS	DATES OF MEETING
Council Meetings facilitated from July 2021 to June 2022	04 Council Meetings	Achieved	22 Meetings facilitated <ul style="list-style-type: none"> • 20 July 2021 • 06 Aug 2021 • 06 Sept 2021 • 30 Sept 2021 • 20 Oct 2021 • 22 Oct 2021 • 29 Oct 2021 • 22 Nov 2021 • 06 Dec 2021 • 11 Jan 2022 • 24 Jan 2022 • 27 Jan 2022 • 17 Feb 2022 • 28 Feb 2022 • 23 Mar 2022 • 31 Mar 2022 • 25 Apr 2022 • 09 May 2022 • 30 May 2022 • 21 June 2022
04 Executive Committee Meetings facilitated from July 2021 to June 2022	04 Executive Meetings	Achieved	13 Meetings facilitated <ul style="list-style-type: none"> • 21 July 2021 • 26 July 2021 • 20 Sep 2021 • 20 Oct 2021 • 17 Dec 2021 • 11 Jan 2022 • 19 Jan 2022 • 28 Feb 2022 • 17 mar 2022

			<ul style="list-style-type: none"> • 31 Mar 2022 • 20 May 2022 • 30 May 2022 • 20 June 2022
04 Finance Portfolio Committee meetings facilitated from July 2021 to June 2022	04 Portfolio Meetings	Achieved	<p>4 Meetings facilitated</p> <ul style="list-style-type: none"> • 11 Feb 2022 • 22 Feb 2022 • 10 May 2022 • 22 June 2022
04 Infrastructure & Planning Portfolio Committee meetings facilitated from July 2021 to June 2022	04 Portfolio Meetings	Not Achieved	<p>2 Meetings facilitated</p> <ul style="list-style-type: none"> • 24 Feb 2022 • 11 May 2022
04 Corporate & Community Services Portfolio Committee meetings facilitated from July 2021 to June 2022	04 Portfolio Meetings facilitated	Achieved	<p>05 special meetings facilitated</p> <ul style="list-style-type: none"> • 08 Sep 2021 • 15 Sep 2021 • 23 Sep 2021 • 11 Feb 2022 • 10 May 2022
04 MPAC meetings facilitated by July 2021 to June 2022	04 MPAC Meetings	Achieved	<p>03 meeting has took place</p> <ul style="list-style-type: none"> • 16 Sep 2021 • 29 Sep 2021 with no quorum • 24 Feb 2022

Council Resolution Certificates

- Council resolutions are filed and issued to the relevant department as and when necessary.

CORRESPONDANCE REGISTER

- On daily basis we receive emails, collect municipal mail, insert appropriate reference numbers and register the work related letters in the above mentioned register.

- Make copies and distribute to the relevant officials after the comments of the Municipal Manager.

INVOICE REGISTER

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

REGISTER OF FILES OPENED

- 📄 This register is used when there is a record that is created or received and is not accommodated to the existing files.
- 📄 Allocate a reference number for that record and register it in the register of files opened.

TENDER OPENING REGISTER

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

PHOTOCOPYING, PRINTING AND SCANNING

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

FILING OF CORRESPONDANCE AND CONTRACTS

- 📄 Filing of correspondence is updated on daily basis.
- 📄 Filing of contracts is done when receiving new contracts.

6.4 COMMUNITY SERVICES SECTION

South Africa has gone past the most deadly corona-virus pandemic. As citizens we appreciate the efforts put in by our government however challenges of corruption in the implementation. We are mindful of another virus called Monkey-pox however it pleasing to know that it is under control. It is also commendable that pursuant to the provisions of the Constitution of the Republic of South Africa, 1996, the eDumbe municipality, managed to provide information in pursuit of contributing to the minimization of pandemic impact.

The community services department is responsible for ensuring that plans and programmes developed to focus specifically on the under -privileged while ensuring that the community receives services on:

- Library services
- Youth & Sports
- Waste refusal
- Special programmes
- HIV &Aids
- Social cohesion
- Public participation

Library services are one of the services relating to the collection and organising all library materials and making those materials available to the public. It also provides physical or digital access material or both. The circulating services, it's where library materials are borrowed and returned within a specific period.

Youth & Sport to effectively coordinate and manage the implementation of youth, sports and child development programmes

Waste refusal is overseeing and coordinating waste disposal, refuse collection and recycling activities in an efficient and environmentally-friendly manner

Special programmes assist with advocating for the vulnerable groups i.e. youth, gender, children, senior citizens and people with disabilities . Co-ordinating and implementing all municipal programs relating to the vulnerable groups

HIV &Aids the unit works closely with Local Aids Council to advise on policy issues relating to HIV /Aids.

Social cohesion involves building shared values and communities of interpretation ,reducing disparities in wealth and income and generally enabling people to have a sense that they are engaged in a common enterprise ,facing shared challenges ,and that they are members of the same community.

Public participation can be any process that directly engages the public in decision making and gives full consideration to public input in making that decision. It affords the stakeholders such as interested groups, individuals and communities the opportunity to influence decisions that affect their lives.

The global outbreak of COVID-19 has resulted in closure of many activities such as umbele wethu ,umkhosi womhlanga and sporting activities

6.4.1 LIBRARY SERVICES

Background

Libraries are a heart of reading. Information literacy is a vital component of every community, channelling information, technology and communication skills. eDumbe Municipality has three libraries serving all ten (10) (originally eight (8)) wards in total. The role of these libraries is to transform the community into a reading, learning and playing community. Libraries' role is very important in the life of its community by bridging information gap/divide between the literate and illiterate, bridging technological gap between young and old and bridging communication gap between the rich and the poor. As such libraries under financial year in review have achieved its goal of transforming the communities through addressing the social ills, conducting community outreach programs and social activities. The following reports are solely reporting on the progress made by the three libraries within the municipality i.e. eDumbe library, Paulpietersburg library and Bilanyoni library. It should be noted also that the Paulpietersburg library is currently have no librarian since the departure of Ms Biyela.

LIBRARY SERVICES

Background

Libraries are a heart of reading. Information literacy is a vital component of every community, channelling information, technology and communication skills. eDumbe Municipality has three libraries serving ward 3,4 and ward 9 in total. The role of these libraries is to transform the community into a reading, learning and playing community. Libraries roles are very important in

the life of their community by bridging information gap/divide between the literate and illiterate, bridging technological gap between young and old and bridging communication gap between the rich and the poor. As libraries we have achieved our goal of transforming our communities through addressing the social ills, conducting community outreach programs and social activities. The following report reporting on the progress by éDumbe library , Paulpietersburg library and Bilanyoni library.

Paulpietersburg Library

Displays

October Display - Cancer Awareness





Library Safety and Security

The library has both day and night security personnel. The Library is safe under the supervision of securities. As indicated the library needs an installation of new lights. The lights were previously installed in 2020 however, due to the break-in all outside lights were stolen. There are 5 in total that needs to be installed. During this period, the security personnel are unable to conduct inspection and random patrolling as it is very dark without light.

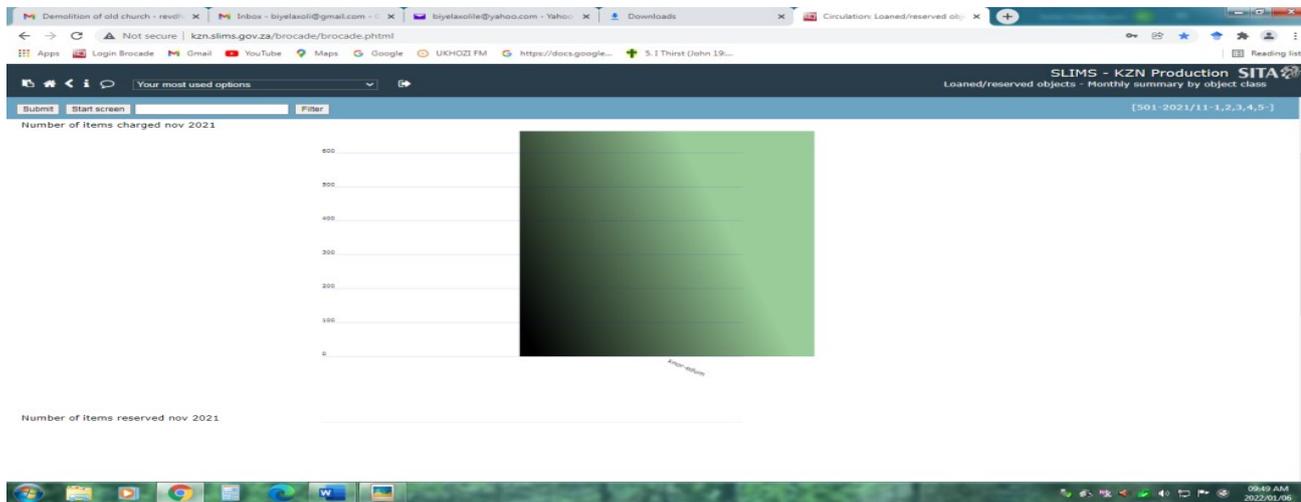
Garden services

The garden is always clean and neat as it should. The library is receiving good attention from the General Assistant and the municipality is able to provide resources ensuring that the garden is kept clean. The General Assistant however needs the uniform and some resources for effective service.



Circulation Services

The library is able to perform its duties of rendering book issuing to patrons. Since the country is facing National Disaster state, the libraries have not been spared. Library services to the community are still limited. The Library needs telephone and postal services to attend to backlog of defaulters. To ensure library material is returned to the library, the library has to make follow-up with the users who have overdue items. With the limited resources available, the library is unable to do follow and hence the Arts and Culture is losing quite a number of items that are not being recovered. A humbly plea for the municipality to intervene and make some sort of relations with the postal services to ensure the library is able to send overdue notices as per the requirement.



éDumbe Library

Display

The éDumbe library put up the display of Covid-19 since as a country we are still on lockdown adjusted level1. The purpose of this display was to make patrons be alert that the corona virus is not yet over and patrons should still keep the lockdown rules standing. The aim of the display is to alert the patrons that the virus is still around and it kills.

Below are the pictures of the display:



éDumbe library programs

Outreach program for matriculants

The éDumbe library has decided to call off all the outreach programs that were planned due to Covid-19 lockdown adjusted level1 regulation. The communication was sent to the number of High Schools regarding matriculants applying for:

- NASFAS application
- Bursaries application
- CAO application
- Institutions of high education application (Universities and colleges)

The aim is to reduce the pressure that learners experience after passing matric and cannot study next year since they didn't apply on time. The choices of bursaries available are tabled while assisting them with online application via CAO or any high institution of their choice (Online) and NSFAS. The program aims to promote and motivate learners to apply to many institutions of high education and also for NSFAS plus bursaries which are relevant to the fields of study.

- **Patrons statistics**

The éDumbe public library has a register for any person who enters the library so that contact

tracing can be done in case of Covid-19 infection. Below is the statistics for each month:

October	November	December
301 patrons	210 patrons	159 patrons for now
Total patrons		670

No patron so far have been detected at the library to have high temperature and as éDumbe library all Covid 19 protocols are been followed for the protection of the community and library stuff.



Children's section which is close due to Covid 19 rules from art and culture that children under the age of 12 years should not use library. this section has been closed since the opening of the library.



This study area is also closed for the patron to use since the library must have 10 patrons inside. The computer section is open to the community with the minimum of three computers to be used by patrons. All protocols of covid 19 are followed at the computer section.



The study area is open for all patrons to use but only 1 patron per table and we have set up

only 10 tables for the aim of social distance for patrons.

Bilanyoni library

The Bilanyoni study library is now able to register the patron on system using Brocade (slims system) where they get an application form from the information centre (Bilanyoni study library) they should include the supporting documents, which is ID copy with proof of resident. The main reason why we require such document is to locate the object when the patron does not return it or get lost.

SLIMS USAGE QUARTERLY (check in and check out brocade)

October	05	03	08
November	07	04	11
December	02	02	04

The library membership has not been growing in lending out books to patrons, this is a very concerning matter to Bilanyoni library it means the community does not make use of the library material and service that are being rendered to them.

Lending out books patrons is the major classification that are endowed libraries, public libraries are the most diverse that may also refer to a library or other institutions that sends material on request to library usually via interlibrary loan.

An integrated library system is a system also known as a library management system and an enterprise resource planning that manage the patron's usage weekly and monthly, we use these systems for a library to track items owed, orders made, bills paid and patrons who have borrowed.

Acquisition- ordering, receiving and invoicing materials on slims for patrons or members of Bilanyoni study library.

Cataloguing- classifying and indexing materials for Bilanyoni study library patrons.

The library also does circulation for patrons in lending out materials to patron and receiving the back. Bilanyoni study library has online public access (OPAC) which the department use the system as slims system that help us to circulate items on system, it also helps the library to track its items that are being lend out to patrons.

The library tools that are mentioned above assist the library to manage system within circulation system, it makes the work easier. Bilanyoni study library has to increase the membership in order

for the system to be more functional and effective.

Bilanyoni study library stats

QUARTERLY ATTENDANTS OF PATRONS STATS.

MONTHS	ATTENDANTS		TOTAL NUMBER
October	60	53	113
November	40	36	76
December	15	08	23

The below illustrations shows the daily usage of Bilanyoni study library.





6.4.2 YOUTH AND SPORT

Background

The youth and sport unit has been successful in hosting any event this is due to Covid-19. This report is solely based on the event hosted by the Municipality to recognise the local heroes.

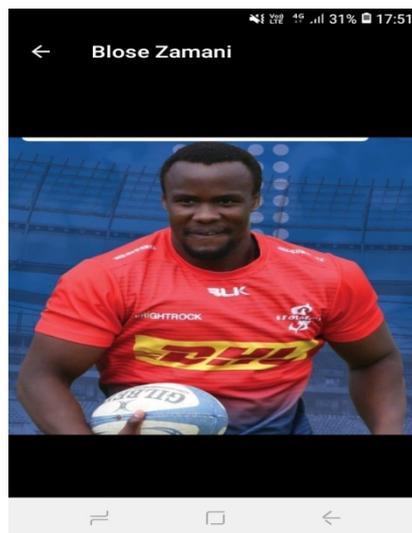
éDumbe sports personalities

éDumbe Municipality hosted the Sports personalities function on the 22nd October 2021 at éDumbe Municipality Town Hall

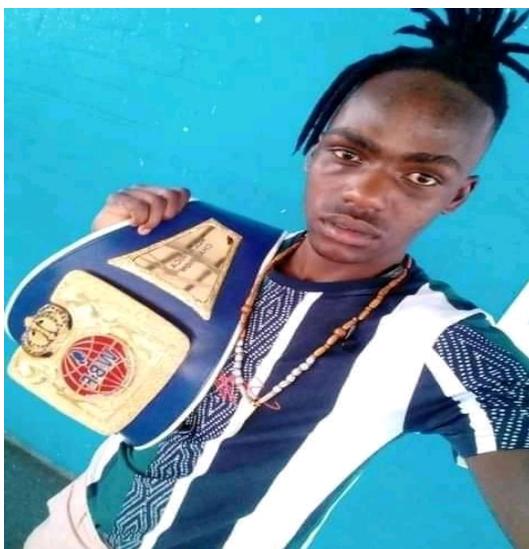
This function was organised to recognise and appreciate those players who represented éDumbe Municipality nationally of whom were: Nonsikelelo Mazibuko (Netball), Sibonelo Simangaliso Maseko (Boxing), Bongumusa Nkosi (Football) and Kwenzokuhle Blose (Rugby). The sport heroes were awarded with a laptop, tracksuits, tekkies, sport kits, trophies and certificates.



Bongumusa Nkosi



Kwenzokuhle Blose





The above picture shows the awardees.

6.4.3 WASTE MANAGEMENT

1. Background

The éDumbe Municipality provides waste collection services on two wards. Waste is collected five days a week in Paulpietersburg town. The industrial area is serviced on Wednesday together with éDumbe location. The Municipality provides receptacles in form of plastic bags; the plastic bags are placed along the streets. These receptacles are provided at no cost, they are collected at the Municipal offices. Each household is given 4 plastics per month. The waste collection team collects these plastics, approximately two per household and then dispose at the disposal site. Waste is buried on site at least once a month with the Municipal TLB. The site has recyclers, reclaiming waste on site informal. During the holidays, the Municipality allocates staff to assist to collect waste .Staff is dived into groups depending on the amount work to be done.

Waste Management Status

- **Landfill site licence**

The Municipality landfill site is not registered. The site currently in use is a temporary solution as the preceding site in Bilanyoni was disallowed by the community. The current site has a life span of less than five years.

- **SAWIS registration**

The site is registered with the South African Waste Information System. The registration number is D-08090-01. Even though the Municipality site is not properly engineered, the following are the waste quantities generated within the Municipality.

August : 208.8 Tons (Municipal Waste)

:15.1 Tons (General waste)

:0.4 Tons (Garden waste)

- **IWMP**

The final draft of IWMP was adopted by Council in 2019. It was endorsed by the MEC this year .

STAKEHOLDERS ENGAGEMENT (PONGOLATO UMZIMKHULU CMA)

A catchment is an area of land where water collects when it rains, often bounded by hills. As the water flows over the landscape it finds its way into streams and down into the soil, eventually feeding the river. Some of this water stays underground and continues to slowly feed the river in times of low rainfall. The National Water and Sanitation Master Plan ,launch in November 2019,has prioritised the establishment of CMA's and the progressive delegation or assignment of powers ,functions and duties. The CMA establishment has demanded attention be given to any opportunities for reducing costs and increasing efficiencies, without compromising on the core objectives of decentralising water management.

ENVIRONMENTAL MANAGEMENT FORUM

AT PHONGOLO LOCAL MUNICIPALITY

The environmental management planning unit from EDTEA hosted a meeting at uPhongolo Local Municipality; this was done as part of their supports to local Municipalities. The purpose of the meeting was to discuss the issues pertaining to environment. The topics include:

- **EDTEA Competition**
- **Biogas project**
- **Jobs in waste**

The cleanest Municipality competition was introduced to all 5 local Municipalities by EDTEA. All five local Municipalities participated on the competition. But like any other competition there should be only have one winner .During the meeting a previous year winner was given a chance to talk about / argue about the assessing tool .The purpose of the excise was to give other Municipality a hope on how to answer the questions on the next competition.

The introduction of biogas project .The project was proposed by DEFF to generate electricity through the use of cow dunk. The Municipality needs to identify twenty houses with cow farming. This part of the department to response to climate change. The project is part of climate change response and also to do away with coal.

The jobs in waste are program piloted by EDTEA to assist the Municipalities with waste management issues. To participate on the program the Municipality has to submit fifteen names of people to EDTEA. One person has to be the supervisor. The project should consist of 100% youth and 60% women. The recruited youth are to be paid at an EPWP rate. The contract will run for three months.

KZN WMO FORUM

The provincial government, EDTEA has hosted a KZN WMO forum. The purpose of the forum is to discuss issues of waste. The forum consists of Municipal official from local government, District Municipal official, provincial government officials and lastly the DEFF officials. The forum meets quarterly virtual. During the meeting issues such as:

- IWMP
- EPIPP
- Landfill site licensing

Each delegate is given a chance to comment on issues concerning them. The local Municipality IWMPs -to check if they are endorsed if not what could be the course and also to check if they are due for the reviews.

The projects that are implemented on the Municipalities are recommended by the DEFF. The projects include Thuma mina and also the placement of YCOP within Municipalities .Currently there are no project from the DEFF.

The licensing of disposal site is one of the challenges facing local Municipalities. This is due to environmental impact posed by poor management of waste. The Municipalities are given a chance to table their challenges hindering the licensing of disposal site. During the discussion the DEFF or EDTEA will have to observe to see if they cannot assist. This is part NEMWA Act 59 of 2008 for minimum requirements for disposal site.

3.2 ENVIRONMENTAL GREENING

During the month of October the Thuma Mina Team has been conducting greening exercises within the community. Part of the areas that were targeted was schools. The environmental greening in Bhadeni has been conducted. The following are the pictures:





The Thuma mina team together with members of the community

BACK TO BASICS

The back to basics is a term used by the Cogta, to ensure that the Municipalities provide the communities with primary services. The primary services are water services, provision of electricity, waste removal and sanitation .The waste removal cooperate with the protection of the environment, while securing the health of the population.

In the communities it is a common practise to dump waste in an open space. This waste heaps around the communities is known as illegal dump spots. The éDumbe Municipality once a month carry out back to basic attitude of, which we believe to have impacted the lives of the community positively in the following manner:

- reduce the environmental pollution
- keeps the environment clean

The éDumbe Municipality perform a waste management campaign. The purpose of the

campaign was to address that challenges that are waste related to the community at Ward three and four. The removal of waste heaps was the main target.

Resources used

- leaf rake
- spades
- refuse bags

During the month of July 2021, cleaning up campaign for illegal dump was conducted at Dumbe location and another cleanup campaign was conducted at Paulpietersburg town after the riots took place. Door to door Environmental awareness was also conducted at Dumbe location. The participants were Thumamina Green Good Deed led by Youth Environmental Coordinator. During the campaigns, pictures were taken as portfolio of evidence. The illegal dumpsites are quantified and then prioritised.

The Figures below show pictures taken during/ before and after the cleaning



The above picture shows Thuma mina Green Good Deed team performing their task during the campaign



Illegal dump after the cleaning



Some of the waste collected during the campaign at Dumbe location

During the first quarter two cleaning up campaign for illegal dump were conducted at Dumbe location and another cleanup campaign was conducted at Paulpietersburg town after the riots

took place. These campaigns were conducted on the two separated months. Door to door environmental awareness was also conducted at Dumbe location. The participants were Thumamina green good deed led by Youth Environmental Coordinator. During the campaigns, pictures were taken as portfolio of evidence. The illegal dump spot are quantified and then later prioritised. The target for the quarter is follows:

- Clean up campaigns-3
- Clearing of illegal dump-3
- Environmental awareness-3

The following is the table showing the work that is done.

ACTIVITY	ACHIEVED	NOT ACHIEVED
CLEANING UP CAMPAIGN	Yes	
ILLEGAL DUMP	Yes	
ENVIRONMENTAL AWARENESS	Yes	
GREENING		No

Arbor month commemoration

South Africa celebrates Arbor Week in the first week of September annually. The waste and environmental unit within the Municipality was responsible for the campaign. September is also heritage month and as we celebrate Arbor Week, the Department of Environment Forestry and Fisheries has focuses on the country's champion trees which include some of the oldest, largest and culturally significant trees. These include the Sophia Town Oak Tree and Pepper bark tree. The event was conducted at Siyalwini Primary School.



Above is the picture showing learners taking part in the event



The picture above shows environmental coordinator during the event.

ENVIRONMENTAL GREENING

During the month of October the Thuma Mina Team has been conducting greening exercises within the community. Part of the areas that were targeted was schools. The environmental greening in Bhadeni has been conducted. The following are the pictures:





The Thuma mina team together with members of the community



Figure 1 above: Thuma mina team cleaning at Bilanyoni

CLEANING UP CAMPAIGN FOR ILLEGAL DUMP AT DUMBE LOCATION

Figures above were another waste collected during the campaign

2. Door to door Environmental awareness at Dumbe location

The environmental awareness at éDumbe location was conducted on the 8 July by the YCOP together with environmental educators of the Thumamina. During awareness the following topics were covered:

- Waste management
- Climate change

Importance of hygiene as well as recycling. It should be noted that recycling is one of the exercises when conducted and have an impact on the environment.

BACK TO BASIC REPORT

Background

The back to basic is term used by the Department of Cooperative Government and Traditional Affairs, to ensure that Municipalities provides the communities with primary services. The primary services are water services, provision of electricity, waste removal and sanitation. The waste removal cooperates with the protection of the environment, while securing the health of the population.

In communities it is a common practice to dump waste in an open space. This waste heaps around the communities is known as illegal dump spots. The eDumbe Municipality once a quarter carry out back to basic attitude of which we believe to have impacted the lives of the community positively in the following manner:

- reduce the environmental pollution
- keeps the environment clean

The eDumbe Municipality performs a waste management campaign. The purpose of the campaign was to address the challenges that are waste related to the community at Ward three and four. The removal of waste heaps was the target.

Resources used

- leaf rakes
- spades

- refuse bags

During the month of July 2021, the cleaning up campaign for illegal dump was at eDumbe Dam Park. The participants were the Thuma mina Green Good Deeds led by Environmental Coordinator. During the campaign pictures were taken as Portfolio of evidence. The illegal dumpsites were prioritized.

The eDumbe Municipality as mandated by the National Environmental Management Act 107 of 1998 to provide waste collection services. The waste management services within the Municipality aims to prevent pollution. The report entails back to basic activities performed within the Municipality.

The following picture was taken before cleaning





The following picture was taken after cleaning



BACK TO BASIC AT BILANYONI IN SEPTEMBER 2021

During the month of September 2021, Thuma mina Green Good Deeds performed their daily duties on different areas. Street cleaning is done every day at eDumbe town. The other activities include illegal dump cleaning, Environmental greening and awareness's.

The following picture was taken during the cleaning



The following picture was taken after cleaning



BACK TO BASIC AT EDUMBE LOCATION IN DECEMBER 2021

The éDumbe Municipality perform a waste management campaign the purpose of the campaign was to address the challenges that are waste related to the community at Ward three. The removal of waste heaps was the main target.

The Thuma mina team, good green deeds were part of the campaign. The team was divided into two groups. The task was performed for one day.

The following picture was taken during cleaning



The above picture after clean-up campaign

BACK TO BASIC IN PAULPIETERSBURG TOWN

During the month of January 2022, Thuma mina Green Good Deeds performed their daily duties on different areas. Street cleaning is done every day at eDumbe town. Approximately 9 streets have been cleaned every day. The other activities include cleaning up campaign, illegal dump cleaning, Environmental greening and awareness's. During the month of January 2022, 9 streets cleaning in town including the taxi rank cleaning



The street cleaning in Paulpietersburg town before cleaning



The street cleaning in Paulpietersburg town before cleaning

BACK TO BASIC AT EDUMBE LOCATION IN APRIL 2022

During the month of April, the CWP from Ward 9 and Ward 3 conducted a clean-up campaign. The campaign was supported by Aqualle. The focus of the campaign was on illegal dump spots. During the campaign Honorable Mayor Cllr MS Mkhabela formed part of campaign. The CWP came out in numbers to make sure that the desired goal, of ensuring a clean and safe environment for the community of Ward three is achieved.



The above picture shows the CWP participants after completion of the work.



The above picture was taken during campaign.

ACHIEVEMENTS

- Quarterly back to basics activities.
- Occurrence of Ingoma and Cothoza during the holidays

CHALLENGES

- A decrease in a number of patrons in Bilanyoni library
- A éDumbe disposal site does not meet minimum requirement

PROPOSED SOLUTION

- Conducting road shows during library week and library month to advance public knowledge about the use libraries
- Provision of cover regular cover to waste to prevent wind to blow dirt /papers.

6.4.4 PUBLIC PARTICIPATION

Background

Section 152(1) (a) of the Constitution, Act 108 of 1996 stipulates that Local Government must provide democratic and accountable government for local communities and section 152(1) (e) of the Act obliges municipalities to encourage the involvement of communities and community organizations in Local Government. Participatory democracy is a key element of all the objects of local government, as provided for in Section 152 of the Constitution. The process of electing Ward committee was done from the 19 January 2022 until 4 February 2022.

In accordance with the government requirement that any new structure after its establishment should be official inducted (launched) the newly elected ward committees were inducted on the 17 March 2022. At the same induction ceremony, the hand-over of certificates to the former ward committee members trained during the 2020/2021 Financial Year concluded

Date	Event	Ward	Time	Venue
19/01/2022	Ward committee election	01	09H00-11H00	Brecher ,Lunerburg
03/02/2022	Ward committee election	01	14H00-16H00	Bazangoma Protes
21/01/2022	Ward committee election	02	10H00	Phase five crech
22/01/2022	Ward committee election	03	10H00	Mncelwini Community hall
21/01/2022	Ward committee election	04	14H00	Kanyekanye Community hall
23/01/2022	Ward committee Election	05	10H00	Tholakele community hall
03/02/2022	Ward			

	committee election		08h00	KwaMpunzi
	Ward committee election		09H00	Khanyiseluzulu
29/01/2022	Ward committee election	06	08H00 09H00 10H00 11H00 12H00 13H00 14H00 15H00 18H00	Kwagwebu Kwagedlasi KwaLujajwana Emadulini Kwalubenjane Ozwano Obishini ENkembeni Ntungwini
24/01/2022	Ward committee election	07	08H00 10H00 12H00 13H00 14H00 16H00	KwaGamakazi Mahloni Matshekazi Zungwini Khambule KwaManzashisayo
03/02/2022	Ward committee election	07	10H00 12H00 14H00	Obivane Vukuzame Mmahhulumbe
21/01/2022	Ward committee election	08	10H00	Ophuzane community hall

22/01/22	Ward committee election	09	14H00	Ndabambi Sportground
20/01/2022	Ward committee election	10	14H00	Nhlakanipho community hall

MEETING AND FORUMS

NAME OF MEETING /FORUM	DATE
eDumbe Ward Committee Election task team	17 /01/2022
ZDM Ward Committee election task team	18 /01/2022
ZDM Ward Committee election task team	22/01/2022
Ward committee launch and induction	17/01/2022
Provincial public participation steering committee meeting	18/01/2022
IDP Representative forum	28/03/2022

Ward committee meetings

Indicator	Evidence presented	Ward Number	Date
Ward Committee meetings held	Attendance register	01	01 March 2022
Ward Committee meetings held	Attendance register	02	08 March 2022
Ward Committee meetings held	Attendance register	03	01 March 2022
Ward Committee meetings held	Attendance register	04	07 March 2022
Ward Committee meetings held	Attendance register	05	01 March 2022
Ward Committee meetings held	Attendance register	06	02 March 2022
Ward Committee meetings held	Attendance register	07	01 March 2022

Ward Committee meetings held	Attendance register	08	01 March 2022
Ward Committee meetings held	Attendance register	09	01 March 2022
Ward Committee meetings held	Attendance register	10	01 March 2022

6.5 HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT SECTION

Hereunder are the different components of Human Resources:

Human Resources Management

Labour Relations

Human Resource Skills Development

Human Resource Planning

1. Background

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

Positions Advertised

Position that were advertised from July 2021 to June 2022

- Accountant Budget (22 July 2021 Internal)
- Audit Committee Member (10 August 2021 External Provincial)
- Financial Internship x5 (12 August 2021 External Local)
- Director Infrastructure & Planning Department (04 October 2021 External National)
- Chief Financial Officer (13 December 2021, 31 January 2022 External National)
- Director Infrastructure Services (13 December 2021, 31 January 2022 External National)
- Manager Community Services (26 January 2022 External Provincial)
- Supervisor Road & Maintenance (10 March 2022 Internal)
- Librarian (18 March 2022 Internal , 7 April 2022 External Local)
- Library Assistant (14 April 2022 External Local)
- Housing & Estate Manager (1 April 2022 External Provincial)

- Municipal Manager (13 May 2022 External National)

Interviews

Interviews seated from July 2021 to June 2022.

- Chief Financial Officer (03 August 2021, 19 May 2022)
- Director Infrastructure Services (23 May 2022)
- Financial Interns (05 October 2021)
- Manager Community Services (11 April 2022)
- Senior Professional Planner (21 April 2022)
- Housing & Estate Manager (14 June 2022)
- Operation and Maintenance Manager (21 April 2022)
- Manager Revenue (21 April 2022)

Recruitment and Selection

Employees that were appointed from July 2021 to June 2022

NO:	INITIALS AND SURNAME	DEPARTMENT	POSITION	DATE OF APPOINTMENT
1.	Miss S.F. Ngobese	Corp & Comm Serv	Senior Examiner Drivers License	01-07- 2021
2.	Mr I.M. Sibiya	Corp & Comm Serv	Senior Examiner Motor Vehicle	01-07- 2021
3.	Miss Z.P. Nkambule	Budget & Treasury	Procurement Tender & Acquisition Officer	01-07- 2021
4.	Mr M.A. Vilakazi	Budget & Treasury	Procurement Officer Demand & Management	01-07- 2021
5.	Mr E.U. Mdlalose	Budget & Treasury	Contract Management Officer	01-07- 2021
6.	Mr B. Msibi	Budget & Treasury	Risk Officer	01-07- 2021
7.	Mr L.A. Ngcobo	Budget & Treasury	Payroll Officer	01-07- 2021
8.	Mr B.B. Ndlovu	Infra & Planning	General Assistant	01-07- 2021
9.	Mr K. Ntombela	Infra & Planning	General Assistant Electrical	01-07- 2021
10.	Mr B.M. Shabangu	Corp & Comm Serv	Skipper Driver	01-07- 2021
11.	Mr J.V. Kunene	Corp & Comm Serv	Driver Operator	01-07- 2021

12.	Mr A.J. Maseko	Infra & Planning	Electrical Assistant	01-09-2021
13.	Mr S.M. Maseko	Infra & Planning	Electrical Assistant	01 -09- 2021
14.	Mr S.P. Nyawo	Corp & Comm Serv	Human Resource Officer	01 -10- 2021
15.	Miss F.P. Kunene	Corp & Comm Serv	Cleaner	01 -10- 2021
16.	Ms N.M. Ngwenya	Corp & Comm Serv	Team Leader	01 March 2022
17.	Mr B. Nhlengethwa	Corp & Comm Serv	General Assistant	01 March 2022
18.	Mr B.Z. Buthelezi	Infra & Planning	Machine Operator	01-05-2022
19.	Mr S.T. Mayaba	Infra & Planning	Operations & Maintenance Manager	03 May 2022
20.	Mr T.P. Fakude	Corp & Comm Serv	General Assistant	03 May 2022
21.	Mr A.D. Ntuli	Budget & Treasury	Revenue Manager	03 May 2022
22.	Mr T.E. Dubazana	Infra & Planning	Senior Professional Planner	01 June 2022
23.	Ms Z.M. Mdlazi	Corp & Comm Serv	Manager in Community Services	01 June 2022

Fixed Term Contracts

The Municipality has appointed

- 48 EPWP (General workers), contract will end on the 31 December 2022.
- 25 EPWP (General workers), contract will end on the 31st of June 2022
- 16 EPWP Grass Cutters their contract was supposed to end after the appointment of the service provider.
- 13 VIP Guards their contract is aligned with the term of the council and 2 of them aligned with MMs contract.
- Personnel Assistant to the MM the contract is aligned with MMs contract.
- Cemetery Care taker contract started on the 1st of February 2021 to 31st of January 2022.
- 5 Financial Interns contracts started on the 1st of October 2021 to 29 October 2023
- 4 employees started on the 29th of November 2021 contract aligned with office bearer, (PA Mayor, PA Speaker, PA Deputy Mayor and Manager Mayoralty Office).
- 5 Interns absorb from COGTA from the 1st of December 2021 to 31st June 2022. (x 2 Finance, x2 Electrical x1 Auditing).
- x3 contract Lolly Pops (part-time reserve traffic warden)

Employees Resigned/Retired/Contract Ended/Deceased & Dismissed

No:	INITIALS & SURNAME	POSITION	DEPARTMENT	LAST DATE	REASON
1.	Ms C.Z.Z. Msibi	Manager Mayoralty Office	Executive	30 November 2021	Contract Ended
2.	Ms D.J. Nhlengethwa	Manager Community Services	Corp & Comm	08 November 2021	Resigned
3.	Ms T.S. Sibeko	General Assistant	Corp & Comm	31 December 2021	Retired
4.	Mr T.H. Zwane	General Assistant	Corp & Comm	31 March 2022	Retired
5.	S.S. Shandu	VIP Guard	6 June 2022	Death	Executive

2. LEAVE RECORDS

1.2. Leave taken from June 2021 to July 2022

Leave Description	Vacation Leave	Sick leave	Family Responsibility	Study Leave	Maternity
Mid year (July – December 2021)	1234	126	19	16	260

Year End (January – June 2022)	1470	230	14	30	158
Total	2704	356	33	46	418

Leave and Pro -Rata bonuses paid from July 2021 to June 2022

- Miss S.F. Ngobese
- Mr I.M. Sibiya
- Miss Z.P. Nkambule
- Mr M.A. Vilakazi
- Mr E.U. Mdlalose
- Mr B. Msibi
- Mr L.A. Ngcobo
- Mr B.M. Shabangu
- Mr J.V. Kunene
- Mr S.P. Nyawo

- Miss D.J. Nhlengethwa
- Miss C.Z.Z. Msibi
- Mr N.H. Kunene
- Mr B.W. Buthelezi
- Mr A.D. Ntuli
- Miss N.G. Mbokazi
- Ms T.S. Sibeko
- Mr T.H. Zwane
- Mr S.S. Shangu

TRAINING & DEVELOPMENT:

The annual training budget is centralized and managed by Human Resources Section, almost 5% (R550 000 grant plus council provision) of the annual training budget. The beneficiaries trained during the financial year 2021/2022

6.1 Municipal Finance Management Programme for 20 employed student funded by the Municipality

6.2 Councillors Induction by the Municipality, COGTA and SALGA

6.3 Auditing Section

6.4 MSCOA (x 2 Budget unit)

6.5 Librarians

6.6 MPAC committee members

LABOUR DISPUTES AND OUTCOMES:

Grievances and dismissals

There were two grievances submitted and resolved internally under the period in review and no dismissal that has taken place.

Pending and finalised Municipal Cases

There are two cases not finalised involving the municipality against Mr Dlamini regarding fuel tender and with Mott MacDonalld regarding outstanding housing payment.

OVERTIME/STANDBY

Standby and overtime that was paid to employees from July 2021 to June 2022

1 st quarter (July – September 2021)	R 608 070.35
2 nd quarter (October – December 2021)	R 610 823.36
3 rd quarter (January – March 2022)	R 651 220.07
4 th quarter (April – June	R 722 198.92
Total	R 2 592 312,70

CHAPTER 7 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Roads Infrastructure

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

Municipal Buildings

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

leased municipal buildings. The strategies of this department are as follows:

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

In the 2021/2022 financial year the Municipality constructed the following Capital projects in line with the Municipal IDP.

MUNICIPAL INFRASTRUCTURE GRANT PROJECTS

The following projects were implemented through MIG funding:

NAME OF PROJECT	WARD	BUDGET	STATUS
KwaThimu Pedestrian Bridge	1	R2 500 000.00	Completed
KwaNgwanya Access Road	2	R2 000 000.00	Completed
Shayamoya Access Road	5	R2 000 000.00	Completed
KwaPhoqa Causeway	4	R2 500 000.00	Completed

KwaDanxa Access Road	7	R2 000 000.00	Completed
Mphelandaba Pedestrian Bridge	6	R3 500 000.00	Completed
eDumbe Primary Road	3	R3 000 000.00	Completed
Kanyekanye Road	4	R1 200 000.00	Completed
Ezibomvu Cemetery	8	R1 800 000.00	Completed
Esikhaleni Multipurpose & SMME Centre	3	R2 000 000.00	Completed
Nhlakanipho Sportfield and Outdoor gym	8	R1 608 650.00	Completed
Zungwini Electrification Phase 2	7	R5 000 000.00	Completed

As per Service Delivery mandate which is the commitment of the Municipality to the Community of eDumbe, the following are the pictures of Capital projects executed during 2021/2022 financial year:



KwaThimuBrdidge Ward 1



Shayamoya Access road



Eskhaleni SMME Centre



Fencing of Ezibomvu Cemetary



Mapayipini Pedestrian Bridge



Mphelandaba Pedestrian Bridge



Zungwinii Elecrification



Kanye Kanye Road



Nhlakanipho Sport field and outdoor gym

CHAPTER 8: ANNUAL PERFORMANCE REPORT (ORGANISATIONAL OVERVIEW ON PERFORMANCE MANAGEMENT SYSTEM)

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

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

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

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

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

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

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

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

- a. be responsive to the needs of the local community;
- b. facilitate a culture of public service and accountability amongst its staff;
- c. ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's integrated development plan;
- d. establish clear relationships, and facilitate co-operation, co-ordination and communication, between-
 - i. its political structures, political office bearers, its administration and the local community
 - ii. its political structures, political office bearers and administration and the local community;
- e. organise its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;
- f. perform its functions—
 - i. through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units; and
 - ii. when necessary, on a decentralised basis;
 - iii. assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;
 - iv. hold the municipal manager accountable for the overall performance of the administration;
 - v. maximise efficiency of communication and decision-making within the administration;
 - vi. delegate responsibility to the most effective level within the administration;
 - vii. involve staff in management decisions as far as is practicable; and
 - viii. provide an equitable, fair, open and non-discriminatory working environment

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

- Performance Management Systems.

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

SDBIP PERFORMANCE STATUS 2021/2022 (COMPARISON'S WITH PREVIOUS FINANCIAL YEAR 2020/2021)

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

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

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

- Communities are involved.

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

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

The set targets on the SDBIP and IDP strategies and objectives were approved by Council on 23 June 2021.

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

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

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

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

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

After the Mid-Term assessment the Council recommended, among other, that The Mayor must consider revision to the 2021/2022 SDBIP, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the Council following the approval of an adjustment budget

The SDBIP was then revised and approved by Council on the 31 March 2022. The following Key Performance Indicators were removed from the SDBIP and some were added

KPI	STATUS	REASONS
80 square meters of potholes repaired by 30 June 2022	Removed	Budget constraints. Roads need to be rehabilitated as they are ageing and cannot be patched anymore
40 km of stormwater drainage maintained by 30 June 2022	Removed	Budget constraints
Relocation of Thubelisha informal settlements by 30 June 2022	Removed	Budget constraints, however the engagements with Sector Department are still ongoing for the signing of SPLUMA application
Rehabilitation of Kanyekanye Road by 30 June 2022	Added	Additional funding was received for execution of MIG projects
Construction of eDumbe Primary road by 30 June 2022	Added	Additional funding was received for execution of MIG projects
Fencing of Ezibomvu Cemetery by 30 June 2022	Added	Additional funding was received for execution of MIG projects

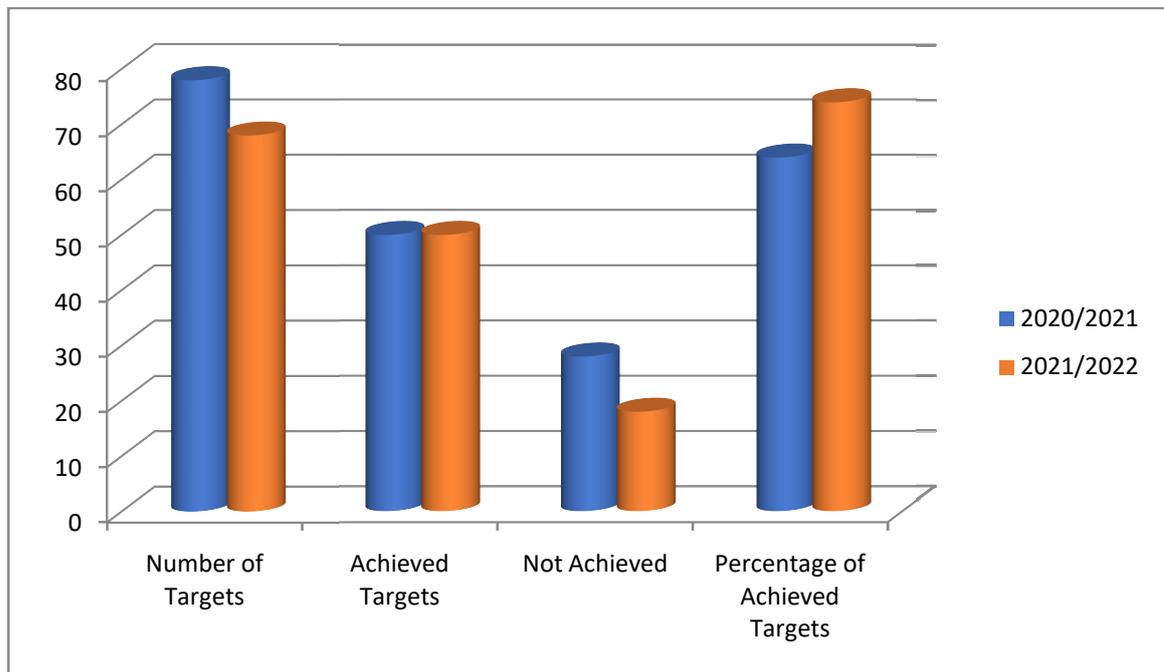
Convene Mayoral soccer Tournament by 30 June 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Conduct Winter school support campaign by 30 June 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Conduct Road awareness campaign by 30 June 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community

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

The information provided on the table below indicates the overall performance of the

Municipality during 2021/2022 financial year. It has been done in line with the 6 national KPAs and in the focus of the MSA Section 46. There's a very slight improvement when comparing with previous financial year. Percentage for achieved targets has gone up from 64% to 74%

TARGETS	2020/2021	2021/2022
Total targets	78	68
Achieved targets	50	49
Targets not achieved	28	19
Percentage of achieved targets	64%	72%
Percentage of targets not achieved	36%	28%



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

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

MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

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

Human Resources Management

Performance Management

Information Technology

Administration

HUMAN RESOURCES MANAGEMENT

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

ORGANIZATION STRUCTURE:

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

INFORMATION TECHNOLOGY

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

Framework on the Governance of ICT layer.

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

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

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

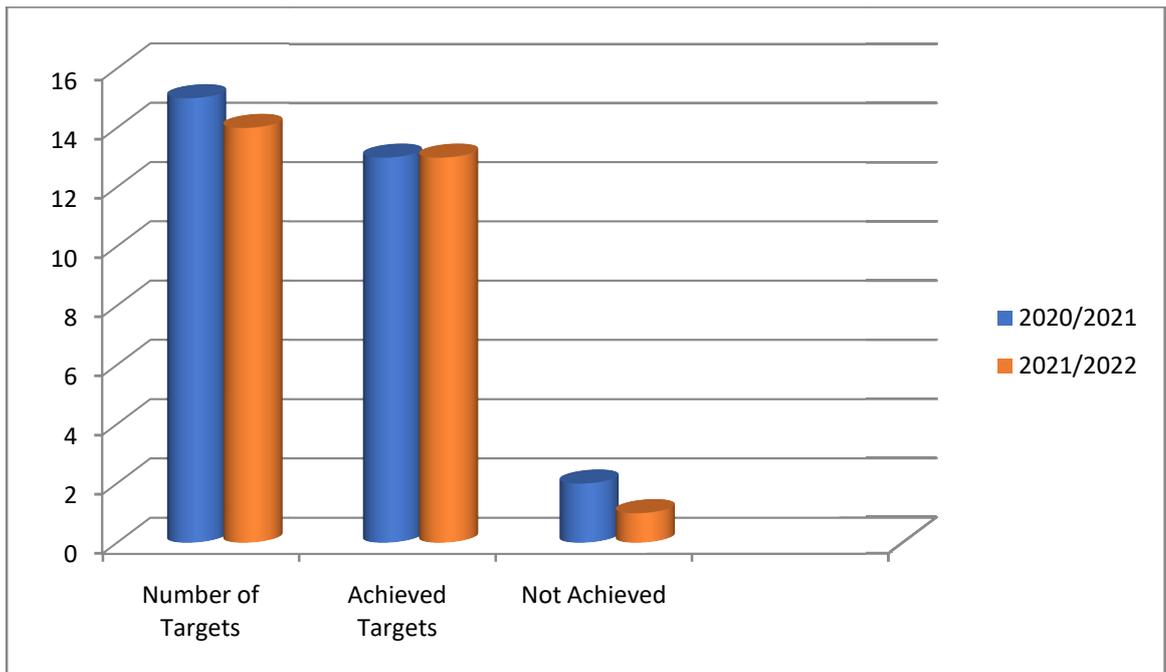
OVERALL PERFORMANCE ON KPA

Compliance documents were compiled and submitted within the stipulated timeframes as per legislations, i.e. approval of SDBIP, signing of Section 54/56 Performance agreements, approval of Annual report, Oversight report and submission of Workplace Skills Plan to LGSETA. Information Technology monitoring, backing up of Municipal information, access logs to financial system were monitored regularly

Performance on achieved targets improved when comparing to previous financial year.

Below is the actual numbers and graph

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	2020/2021	2021/2022
Total targets	15	14
Achieved targets	13	13
Targets not achieved	2	1
Percentage of achieved targets	87%	93%
Percentage of targets not achieved	13%	7%



Challenges

- The Municipality could not fully implement the Disaster Recovery and Business Continuity Plan. This is due to poor response by Service Providers when the tender was out for sourcing of capable companies. However, IT Hardware components and software licenses still were purchased.

Measures taken to improve performance

The tender was re-advertised in March 2022, Sitting of Bid Committees to finalise the appointment is ongoing. The process should up on full implementation in the next financial year.

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

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

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

Roads Infrastructure

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

Throughout the mentioned challenges of shortage of funds, the Municipality managed to maintain some roads in all Wards (Ward 1 – 10) and re-surfacing in Ward 3.

Municipal Buildings

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

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

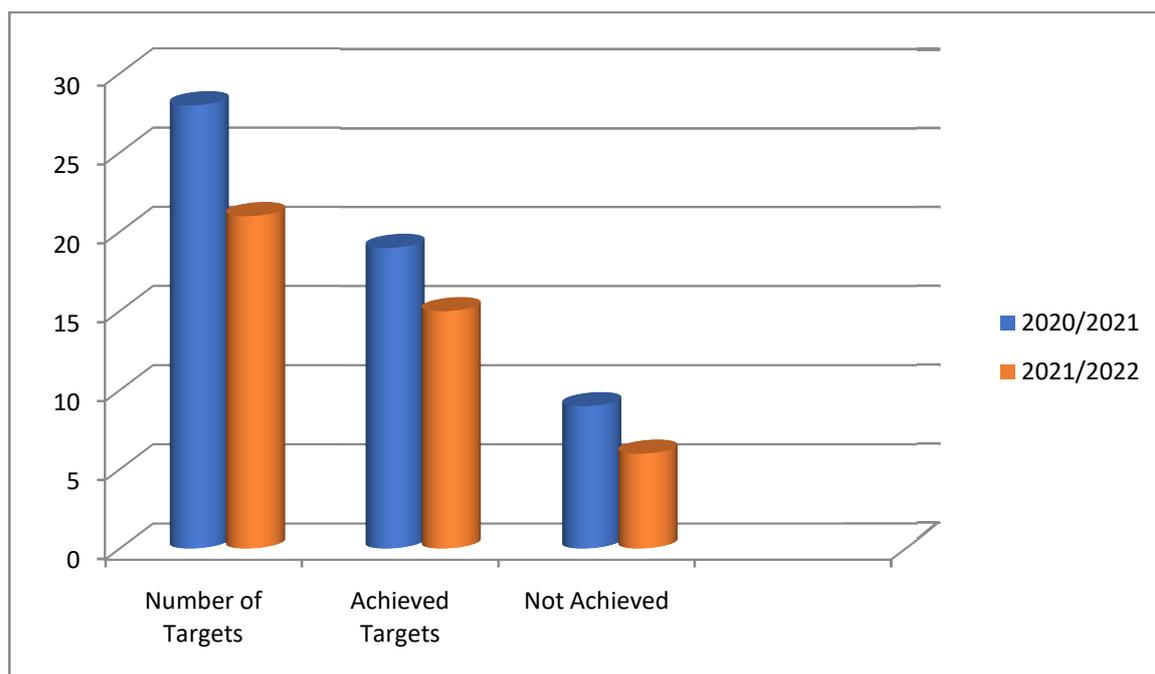
Free basic waste was provided throughout the financial year to all consumers with the property value of R110 000 and less as per the Municipal approved Policy.

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

- KwaNgwanya Access Roads
- Shayamoya Access Road
- KwaDanxa Access Road
- KwaPhoqa Causeway
- Mpelandaba Pedestrian Bridge
- Kanyekanye Road
- eDumbe Primary Road
- Ezibomvu Cemetery
- Esikhaleni Multi-purpose & SMME Centre
- Nhlakanipho Sportfield
- KwaSonkela Electrification Phase 2
- Zungwini Electrification Phase 1 (awaiting outages)

Below graph indicates the performance on Basic Service Delivery KPA

BASIC SERVICE DELIVER AND INFRASTRUCTURE DEVELOPMENT	2020/2021	2021/2022
Total targets	28	21
Achieved targets	19	14
Targets not achieved	9	7
Percentage of achieved targets	68%	67%
Percentage of targets not achieved	32%	33%



Challenges

Few challenges were experienced during the execution of some Capital projects. That caused delays and as a result the projects could not be completed within the financial year.

KwaThimu Pedestrian Bridge

Construction was at 51% as at 30 June 2022 due to heavy rains that occurred during the execution of the project, however Technical team is monitoring the project closely to ensure

completion.

Substation Infrastructure Upgrade

Some items for this projects were ordered but delayed due to backlog with orders on overseas material.

Esikhaleni Electrification

The project delayed due to approval of the way leave by Mondi. Approval was then obtained after 30 June and the project is ongoing.

Tempered Electrical meters are continuously replaced despite the challenges of many electrical breakdown which hampered the team's ability to complete the required annual target.

Measures taken to improve performance

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

LOCAL ECONOMIC DEVELOPMENT

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

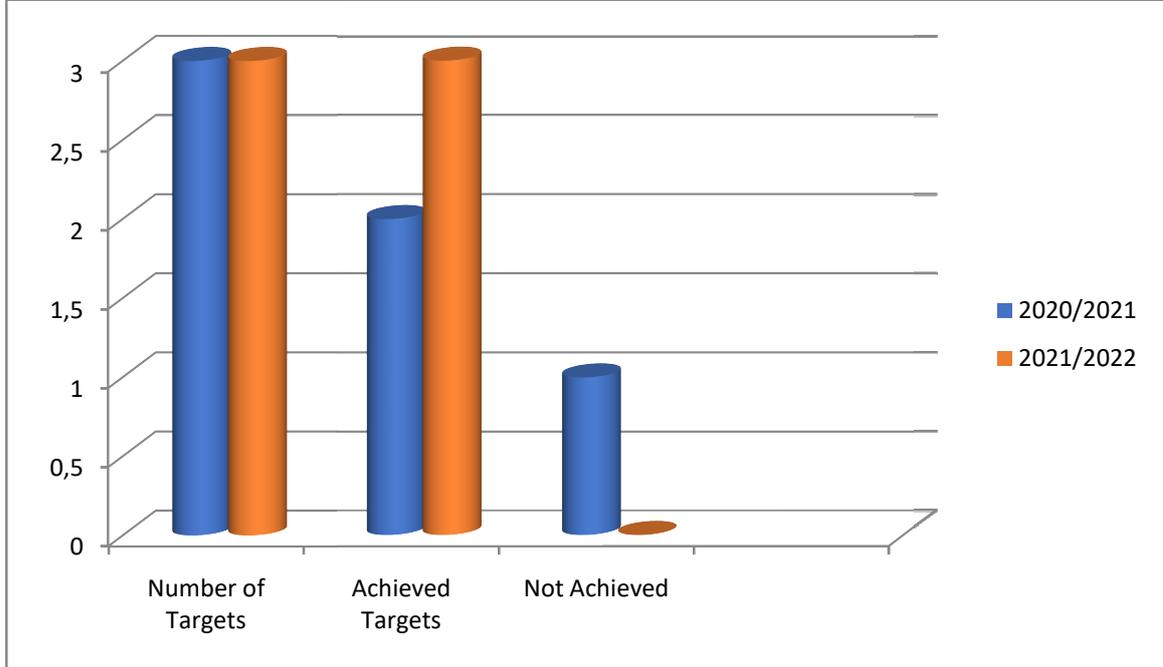
The Municipality created 245 work opportunities through EPWP grant, Capital Projects (MIG, Electricity, security services projects) in 2020/2021 financial year.

LED planned projects were implemented and handed over as per Community's / Beneficiary's wish list.

Below graph indicates the performance on Local Economic Development

LOCAL ECONOMIC DEVELOPMENT	2020/2021	2021/2022
Total targets	3	3
Achieved targets	2	3
Targets not achieved	1	0

Percentage of achieved targets	67%	100%
Percentage of targets not achieved	33%	0%



GOOD GOVERNANCE AND PUBLIC PARTICIPATION

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

Newly appointed Ward Committee members were elected and were inducted on the 17th of March 2022. Special Programmes including Art and Culture were successfully conducted (this includes among other things, Horse riding, ingoma, isicathamiya, winter school campaign and registration support.

Challenges

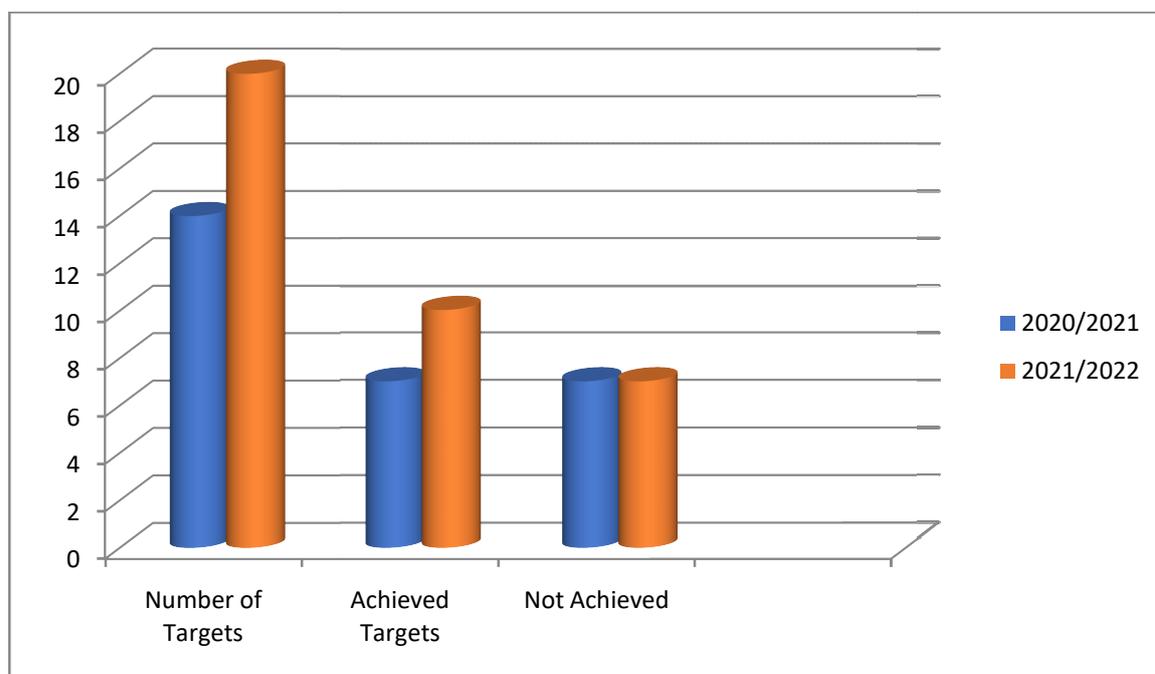
Council and EXCO Meetings were convened as planned, However other Council structures (Portfolios, MPAC, Audit Committee Meetings) were not held accordingly due to unavailability of Political representatives towards preparation of elections.

Measures taken to improve Performance

Post elections, New Committees were then established and meetings are now sitting as scheduled since Quarter 3.

Below graph indicates the performance on Good Governance and Public Participation

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	2020/2021	2021/2022
Total targets	14	20
Achieved targets	7	10
Targets not achieved	7	10
Percentage of achieved targets	50%	50%
Percentage of targets not achieved	50%	50%



MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

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

Based on the Revenue analysis, the collection levels are very low meaning that the municipality is depending on grant funding. Therefore the municipality needs to invest in Infrastructure Assets i.e. to priorities in Road and Electricity Infrastructure and look at other Sources of funding that may increase revenue base such as New Developments, Property

Investments, Rental of Municipal Houses and revising existing lease agreements to identify if what we get is market related or not

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

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

Disconnection on long outstanding debts. This has to be implemented on monthly basis to create a culture of payment.

Indigent policy - The municipality has a policy and indigent register, but not implemented. Further verification has to be done in comparison with the latest Valuation roll.

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

Challenges

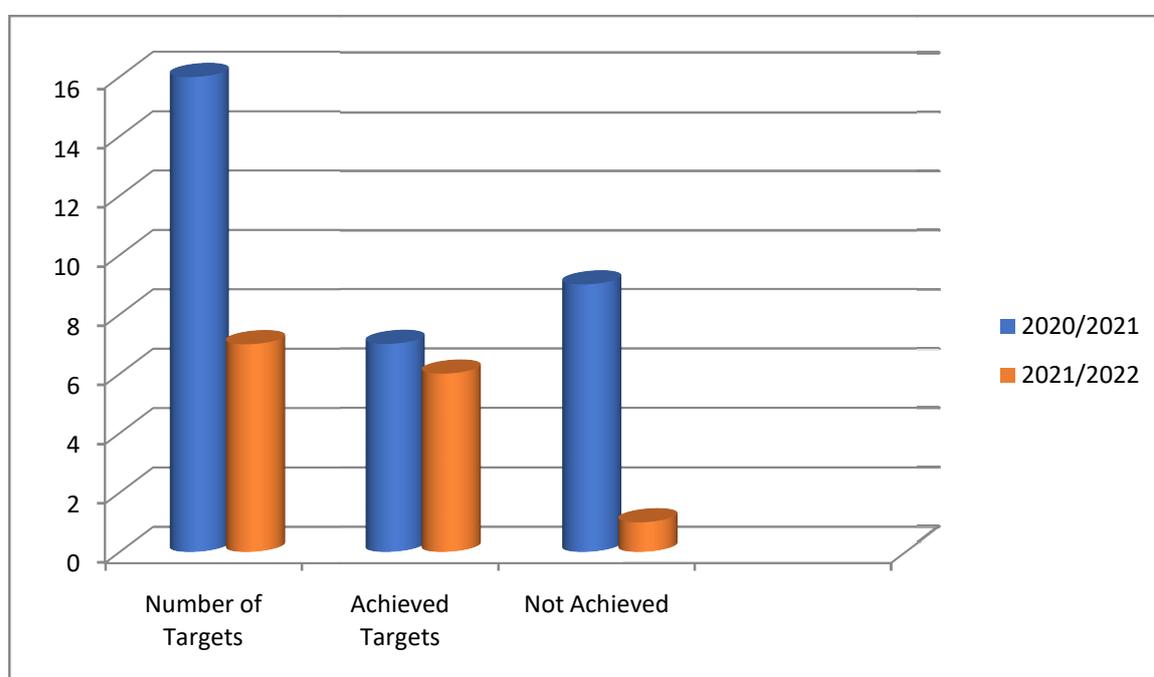
- Municipal Debtors book increases on monthly basis. This is due to high indigent rate and high level of tempered electricity meters at eDumbe. As a result revenue collection at eDumbe Municipality is still a huge challenge.
- Movable assets were not verified on quarterly basis due to capacity constraints

Measures taken to improve performance

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

Below graph indicates the performance on Municipal Financial Viability and Management

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	2020/2021	2021/2022
Total targets	16	7
Achieved targets	7	6
Targets not achieved	9	1
Percentage of achieved targets	44%	86%
Percentage of targets not achieved	56%	14%



CROSS CUTTING INTERVENTIONS

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

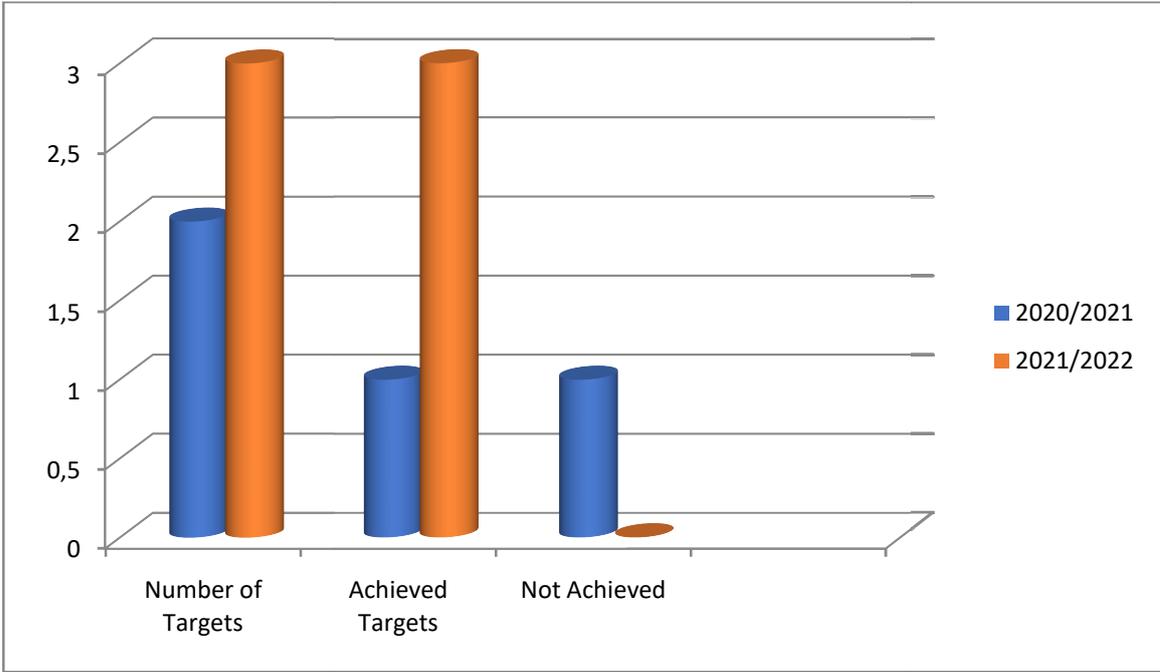
- Regulation of land uses and building activities through enforcement of the Spatial Development Framework and the eDumbe Core Urban Scheme, 2014, as well as the National Building Regulations and Building Standards Act No. 103 of 1977.
- Provision of residential, business, industrial, and institutional sites to address the demand by the community
- Promotion of the correction of historically segregated spatial planning of settlements.

- Formalization of informal settlements.
- Creation of rural villages
- Formulation and enforcement of densification policy
- Encouragement of mixed land use
- Promotion of infill development
- Formulation of long term development plans

After Community participation programmes, IDP and Budget road shows Municipal IDP was compiled and approved by Council on the 30th of May 2022.

Below graph indicates the performance on Cross Cutting Interventions

CROSS CUTTING INTERVENTIONS	2020/2021	2021/2022
Total targets	2	3
Achieved targets	1	3
Targets not achieved	1	0
Percentage of achieved targets	50%	100%
Percentage of targets not achieved	50%	0%



2021/2022 ANNUAL PERFORMANCE REPORT - EDUMBE LOCAL MUNICIPALITY

SD BI P Ref	STR ATE GIC OBJ ECTIVE	STRA TEGI ES	STRA TEGI C ACTI ON / PROJ ECT	KEY PERFO RMAN CE INDICA TOR	UNI T OF MEA SURE	COMPARISON WITH 2020/2021 FINANCIAL YEAR		BUDGET 2021/2022		CURRENT YEARS ACHIEVEMENT - 2021/2022		STATU S (ACHIE VED/N OT ACHIE VED)	REAS ONS FOR VARI ANCE S	MEASU RES TAKEN TO IMPRO VE PERFO RMAN CE	WARD INFOR MATIO N	Resp onsib le Depar tme nt	Portf olio of Evide nce
						ANN UAL TAR GET	ANN UAL ACT UAL	TAR GET BU DGE T	AC TU AL BU DGE T	ANN UAL TARG ET	ANN UAL ACTU AL						
KPA 1: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT																	
KPI 1	To impro ve instit ution al capaci ty throu gh Policy Devel opme nt	Submi sion of compli ance report s in line with legislat ion	Submi t Workp lace Skills Plan to LGSET A	Date the 2022/20 23 Workpla ce Skills Plan submitte d to LGSETA	Date	Submi t Workp lace Skills Plan to LGSET A and Counc il by 31 May 2021	2020/ 2021 WSP was submi t to LGSET A on 30 April 2021	R 0,00	R 0,00	2022/ 2023 Workp lace Skills Plan submit ted to LGSET A by 31 May 2022	2022/ 2023 WSP was submit ted to LGSET A on 28 April 2022	Target Achieve d	N/A	N/A	Institut ional	Corpo rate and Comm unity Servic es	Proof of submi sion

KPI 2	and Enforcement	Submitted compliance reports in line with legislation	Submitted Employment Equity reports to DoL	Date Employment Equity Plan submitted to Department of Labour	Date	Submitted Employment Equity report to Department of Labour by 31 January 2021	Employment Equity Plan was not submitted to DoL by 31 January 2021	R 0,00	R 0,00	Employment Equity Plan submitted to Department of Labour by 31 January 2022	Employment Equity Plan was submitted in October 2021	Target Achieved	Target was over-achieved. Previous FY Employment Equity Plan was not submitted, when submission was then done later it was regarded for the FY under review	N/A	Institutional	Corporate and Community Services	Proof of submission
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KPI 3			Perform information backups and registers	Number of IT Backups and Registers performed	Number	12 monthly Backups and Registers performed by 30 June 2021	12 monthly Backups and Registers were performed by 30 June 2021	R 0,00	R 0,00	12 monthly IT Backups and Registers performed by 30 June 2022	12 monthly IT Backups and Registers were performed by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	12 monthly IT Backups screenshots and Registers performed for July 2021 - June 2022
KPI 4			Perform information restores	Number of information Restores and Registers performed	Number	4 quarterly Restores and Register performed by 30 June 2021	4 quarterly Restores and Register were performed by 30 June 2021	R 0,00	R 0,00	4 quarterly information Restores and Register performed by 30 June 2022	4 quarterly information Restores and Register were performed by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	4 Quarterly Screenshots and registers

KPI 5		Review Access Logs	Number of Access logs reviewed	Number	12 monthly Access logs Reviewed by 30 June 2021	12 monthly Access Logs were reviewed by 30 June 2021	R 0,00	R 0,00	12 monthly Access Logs reviewed by 30 June 2022	12 monthly Access Logs were reviewed by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	12 monthly Access Logs reports (July 2021 - June 2022)
KPI 6	Improving the ICT Infrastructure	Implement Disaster Recovery Plan and Business Continuity Plan tests	Date IT Hardware components and software licences purchased	Date	Implemented DRP and BCP test by 30 June 2021	DRP and BCP test were not implemented by 30 June 2021	R 350 000,00	R 0,00	IT Hardware components and software licences purchased by 30 June 2022	IT (DRP and BCP) Hardware components were not purchased by 30 June 2022	Target not Achieved	Tender for rendering of this service was advertised, only one response was received. The Municipality had to readvertise, as a	The contract was re-advertised in March, Bid processes are currently ongoing.	Institutional	Corporate and Community Services	Advert for Disaster Recovery contract registered for respondents

											result ther was a delay				
KPI 7	Monit or Antivir us softwa re	Number of antivirus software monitor ed	Num ber	4 Monit ored Antivir us softwa re by 30 June 2021	4 Quart erly Antivir us softwa re were monit ored by 30 June 2021	R 30 000, 00	R 30 000, 00	4 quarte rly Antivir us softwa re monit ored by 30 June 2022	4 quarte rly Antivir us softwa re were monit ored by 30 June 2022	Target Achieve d	N/A	N/A	Institut ional	Corpo rate and Comm unity Servic es	4 quarte rly antivir us softwa re report s
KPI 8	Devel op and appro ve 2021/ 2022 SDBIP	Date the 2021/20 22 SDBIP is develop ed and approve d by Council	Date	Devel oped and appro ved 2020/ 2021 Organi sation al SDBIP by 30	2020/ 2021 SDBIP was devel oped and appro ved on 31 May 2020	R 6 000, 00	R 6 000, 00	The 2021/ 2022 SDBIP be develo ped and approv ed by 30 June	The 2021/ 2022 SDBIP was develo ped and approv ed on 23 June	Target Achieve d	N/A	N/A	Institut ional	Execut ive	Appro ved 2021/ 2022 SDBIP and 4 Quarte rly SDBIP/ PMS report s

				June 2020			2021 (i.e. before the start of the financial year)	2021							
KPI 9	Develop and sign 2021/2022 Performance agreement	Date the 2021/2022 performance agreements for all filled Section 54/56 positions developed and signed	Date	Signed performance agreements for all filled Section 54/56 positions by 31 August 2020	Performance agreements for all filled S54/56 positions were developed and signed by on the 28th July 2020	R 6 000, 00	R 6 000, 00	Performance agreements for all filled Section 54/56 positions be developed and signed by 31 July 2021	Performance agreements for all filled Section 54/56 positions were developed and signed on 30 July 2021	Target Achieved	N/A	N/A	Institutional	Executive	Signed Performance Agreements

KPI 10		Compile and adopt the 2020/2021 Annual report	Date the 2020/2021 Annual Report compiled and adopted	Date	Compiled and adopted 2019/2020 Annual report by 31 March 2021 (as per MFM A Circular 104)	2019/2020 Annual Report was compiled and adopted on 31 March 2021	R 6 000,00	R 6 000,00	The 2020/2021 Annual Report compiled and adopted by 31 January 2022	2020/2021 Annual Report were compiled and adopted on 27 January 2022	Target Achieved	N/A	N/A	Institutional	Executive	Council Resolution for adoption of Annual Report
KPI 11		Compile and adopt 2021/2022 Mid-term Budget and Performance Assessment report	Date the 2021/2022 Mid-term Budget and Performance Assessment report compiled and	Date	Compiled and adopted 2020/2021 Mid-term performance report	2020/2021 Mid-Term Performance Assessment report was approved	R 0,00	R 0,00	2021/2022 Mid-term Budget and Performance Assessment report compiled and	2021/2022 Mid-term Budget and Performance Assessment report was compiled	Target Achieved	N/A	N/A	Institutional	Executive	Council Resolution for adoption of Mid-Term Perf. Report

			report	adopted		by 31 January 2021	on the 28th January 2021			adopted by 31 January 2022	ed and adopted on 24 January 2022						
KPI 12			Compile and adopt 2020/2021 Oversight Report	Date the 2020/2021 Oversight report compiled and adopted	Date	Adopted Oversight Report within 60 days of the tabling of annual report, i.e. by 31 April 2021 (as per MFM A Circular	2019/2020 Oversight report was approved on 30 April 2021	R 6 000, 00	R 6 000, 00	2020/2021 Oversight Report compiled and adopted by 31 March 2022 i.e. within 60 days of the tabling of annual report	2020/2021 Oversight Report compiled and adopted on 31 March 2022 i.e. within 60 days of the tabling of annual report	Target Achieved	N/A	N/A	Institutional	Executive	Council Resolution for adoption of Oversight Report

					104)											
KPI 13		Update the Municipal website	Number of Municipal website updates	Number	4 updated Municipal websites by 30 June 2021	Municipal website was continuously updated on quarterly basis till 30 June 2021	R 20 000, 00	R 20 000, 00	4 quarterly updates on Municipal websites by 30 June 2022	Municipal website was continuously updated on quarterly (4 quarterly updates were performed) by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Signed Screenshots - For updated Municipal website

KPI 14			Functionalise B2B/Cleaning campaigns	Number of Back to Basics / cleaning campaigns conducted	Number	4 quarterly B2B Campaigns conducted by 30 June 2021	4 quarterly B2B Campaigns were conducted by 30 June 2021	R 0,00	R 0,00	4 quarterly B2B/cleaning campaigns conducted by 30 June 2022	4 quarterly B2B/cleaning campaigns were conducted by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	B2B/Cleaning campaign reports (including photos)
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KPA 2: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT

KPI 15	To ensure provision of basic services in a fair, equitable and sustainable manner	Provide free basic services to all indigent households with available resources	Free Basic Electricity	Percentage of qualifying indigent consumers as per Eskom monthly list provided with free basic electricity (first 50 KWH)	Percentage	Eskom Indigent Consumers provided with free basic electricity (first 50 KWH) by 30 June 2021	Free basic electricity (first 50 KWH) was provided to Eskom indigent consumers by 30 June	As per invoices	As per invoices	100% qualifying Eskom Indigent Consumers provided with free basic electricity (first 50	100% qualifying Eskom Indigent Consumers were provided with free basic electricity (first	Target Achieved	N/A	N/A	All Wards	Finance	List of Eskom indigent beneficiaries
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					2021			KWH) by 30 June 2022	50 KWH) by 30 June 2022						
KPI 16	Free Waste Services	Percentage of consumers with a property value of R110 000 and less provided with free basic waste	Percentage	Free basic waste provided to consumers with a property value of R110 000 and less by 30 June 2021	Free basic waste was provided to consumers with a property value of R110 000 and less by 30 June 2021	As per invoices	As per invoices	100% qualifying consumers with a property value of R110 000 and less provided with free basic waste by 30 June 2022	86% qualifying consumers with a property value of R110 000 and less were provided with free basic waste by 30 June 2022	Target not Achieved	The alignment was not properly capture due to other properties that were part of the list yet they are not on valuation roll	The Municipality will ensure to align of beneficiaries qualifying for free basic waste with the approved Municipal Valuation Roll	Ward 3 & 4	Finance	List of beneficiaries with a property value of R110 000 and less

KPI 17	Improvement of Access to Roads	KwaThimu Pedestrian Bridge	Percentage of KwaThimu Pedestrian Bridge completed	Percentage	N/A	N/A	R 2 500 000, 00	R 610 637, 99	100% of KwaThimu Pedestrian Bridge completed by 30 June 2022	50% of construction was completed by 30 June 2022	Target not Achieved	There were delays due heavy rains during construction	Construction is ongoing on site and Technical is monitoring the project closely to ensure completion within the financial year	Ward 1	Infrastructure and Planning	Practical Completion Certificate
KPI 18		KwaNgwanya Access Road	Percentage of KwaNgwanya Access Road completed	Percentage	N/A	N/A	R 2 000 000, 00	R 2 000 000, 00	100% of KwaNgwanya Access Road completed by 30 June 2022	100% of KwaNgwanya Access Road was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 2	Infrastructure and Planning	Practical Completion Certificate

KPI 19	Shaya moya Access Road	Percentage of Shayam oya Access Road completed	Percentage	N/A	N/A	R 2 000 000, 00	R 2 000 000, 00	100% of Shaya moya Access Road completed by 30 June 2022	100% of Shaya moya Access Road was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 5	Infrastructure and Planning	Practical Completion Certificate
KPI 20	KwaDaxa Access Road	Percentage of KwaDaxa Access Road completed	Percentage	N/A	N/A	R 2 000 000, 00	R 2 000 000, 00	100% of KwaDaxa Access Road completed by 30 June 2022	100% of KwaDaxa Access Road was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 7	Infrastructure and Planning	Practical Completion Certificate
KPI 21	KwaPhoqa Causeway	Percentage of KwaPhoqa Causeway completed	Percentage	N/A	N/A	R 2 500 000, 00	R 2 500 000, 00	100% of KwaPhoqa Causeway completed by 30	100% of KwaPhoqa Causeway was completed	Target Achieved	N/A	N/A	Ward 4	Infrastructure and Planning	Practical Completion Certificate

							June 2022	by 30 June 2022							
KPI 22	Mphelandaba Pedestrian Bridge	Percentage of Mphelandaba Pedestrian Bridge completed	Percentage	N/A	N/A	R 3 500 000, 00	R 3 500 000, 00	100% of Mphelandaba Pedestrian Bridge completed by 30 June 2022	100% of Mphelandaba Pedestrian Bridge was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 6	Infrastructure and Planning	Practical Completion Certificate
KPI 23	Rehabilitation of Kanye kanye Road	Percentage of Kanye kanye Road completed	Percentage	N/A	N/A	R 1 200 000, 00	R 1 200 000, 00	30% of Kanye kanye Road completed by 30 June 2022	100% of Kanye kanye Road was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 4	Infrastructure and Planning	Practical Completion Certificate

KPI 24		eDumbe Primary Road	Percentage of eDumbe Primary Road completed	Percentage	N/A	N/A	R 3 000 000, 00	R 3 000 000, 00	30% of eDumbe Primary Road completed by 30 June 2022	100% of eDumbe Primary Road was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 3	Infrastructure and Planning	Practical Completion Certificate
KPI 25		Fencing of Ezibomvu Cemetery	Percentage of Ezibomvu Cemetery completed	Percentage	N/A	N/A	R 1 800 000, 00	R 1 800 000, 00	30% of Ezibomvu Cemetery completed by 30 June 2022	100% of Ezibomvu Cemetery was completed by 30 June 2022	Target Achieved	N/A	N/A	Ward 8	Infrastructure and Planning	Practical Completion Certificate
KPI 26	Improvement of Sport facilities	Esikhaleni Multi Purpose & SMME Centre	Percentage of Esikhaleni Multi Purpose & SMME Centre completed	Percentage	N/A	N/A	R 2 000 000, 00	R 2 000 000, 00	100% of Esikhaleni Multi Purpose & SMME Centre	100% of Esikhaleni Multi-purpos e & SMME Centre	Target Achieved	N/A	N/A	Ward 3	Infrastructure and Planning	Practical Completion Certificate

									comple ted by 30 june 2022	was comple ted by 30 June 2022					
KPI 27	Nhlakani pho Sportfi eld and outdoor gym	Percenta ge of Nhlakani pho Sportfi eld and outdoor gym complet ed	Perce ntage	N/A	N/A	R 1 608 650, 00	R 1 608 650, 00	100% of Nhlaka niph Sportfi eld and outdoor gym comple ted by 30 June 2022	100% of Nhlaka niph Sports field was comple ted by 30 June 2022	Target Achieve d	N/A	N/A	Ward 8	Infrast ructur e and Planni ng	Practic al Compl etion Certifi cate
KPI 28	Improv ement of access to Electri city	KwaSo nkela Electri fication Phase 2 Projec t	Percenta ge of kwaSon kela Electrif ication Phase 2 project complet ed	Perce ntage	Constr ucted kwaSo nkela Electri fication Phase 1 projec t by 30 June	R 5 500 000, 00	R 5 500 000, 00	100% of kwaSo nkela Electrif ication Phase 2 projec t comple ted by 30	100% of kwaSo nkela Electrif ication Phase 2 projec t was comple ted by 30	Target Achieve d	N/A	N/A	Ward 1	Infrast ructur e and Planni ng	Compl etion Certifi cate

				2021 for 70 house holds	(await ing outag es)			June 2022	June 2022 (await ing for outage s by Eskom)						
KPI 29	Substa tion Infrast ructur e upgra de Phase 2	Percenta ge of Substati on Infrastru cture upgrade Phase 2 / (Switchi ng station and MV upgrade) complet ed	Perce ntage	Constr ucted Substa tion Infrast ructur e upgra de Phase 1 i.e. feasibi lity studie s and designs by 30 June 2021	Feasib ility studie s and designs for Substa tion Infrast ructur e upgra de Phase 1 was compl eted by 30 June 2021	R 11 000 000, 00	R 8 917 231, 61	100% of Substa tion Infrast ructur e upgrad e Phase 2 / (Switch ing station and MV upgrad e) compl eted by 30 June 2022	95% of Substa tion Infrast ructur e upgrad e Phase 2 / (Switch ing station and MV upgrad e) was compl eted by 30 June 2022	Target not Achieve d	Some items for the project were ordere d but delayed due to backlo g with orders on overse as materi al	Material was then delivere d and the construc tion is currentl y ongoing	Ward 3	Infrast ructur e and Planni ng	Progre ss report and Projec t photos

KPI 30	Esikhaleni Electrification Project	Percentage of Esikhaleni Electrification project completed	Percentage	N/A	N/A	R 5 500 000, 00	R 4 450 599, 44	100% of Esikhaleni Electrification project completed by 30 June 2022	85% of Esikhaleni Electrification project was completed by 30 June 2022	Target not Achieved	Awaiting approval from Mondi for the way leave	Approval was obtained after 30 June 2022 and construction on project is ongoing	Ward 1	Infrastructure & Planning	Progress report and Project photos
KPI 31	Zungwini Electrification Phase 2	Percentage of Zungwini Electrification Phase 2 project completed	Percentage	Constructed Zungwini Electrification Phase 1 project by 30 June 2021 for 70 house holds	Zungwini Electrification Phase 1 was completed by 30 June 2021 for 70 house holds (awaiting outages)	R 5 000 000, 00	R 3 105 124, 32	100% of Zungwini Electrification Phase 2 project completed by 30 June 2022	55% of Zungwini Electrification Phase 2 project was completed by 30 June 2022	Target not Achieved	Eskom requested that the project be presented again as the Consultant had submitted designs which were	Currently the project is at standstill until the matter is resolved	Ward 7	Infrastructure & Planning	Progress report and Project photos

KPI 33	Building Maintenance	Refurbishment of Council Chamber	Percentage of refurbishment on Council Chamber completed	Percentage	N/A	N/A	R 500 000, 00	R 500 000, 00	100% of Refurbishment on Council Chamber completed by 30 June 2022	100% of construction was completed by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure and Planning	Final Completion Certificate
KPI 34	Road Maintenance	340 km Road Infrastructure Maintenance	Kilometers of Road Infrastructure maintained	Kilometers	N/A	N/A	R 1 750 000, 00	R 1 750 000, 00	340 kilometers of Road Infrastructure maintained by 30 June 2022	356 kilometers of Road Infrastructure were maintained by 30 June 2022	Target Achieved	N/A	N/A	Ward 1-10	Infrastructure and Planning	Progress report and Project photos

KPI 33 (as per first SDBIP)		40km Storm water Drainage Maintenance	Kilometers of Stormwater drainage maintained	Kilometers	N/A	N/A	R 150 000,00	R 0,00	40km Storm water Drainage Maintenance by 30 June 2022	10 km of storm water drainage maintained by 31 Dec 2021	Target not Achieved and Project was removed from the initial SDBIP	Project was removed from the SDBIP after the Mid-Term review due to the reprioritization of funds. Funds to continue with this target were moved to other votes such as mainta	Funds will be allocated and the project will be executed in 2022-2023 financial year and continuously	Ward 1-10	Infrastructure and Planning	Council Resolution Mid-Term Budget and Performance assessment report
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KPI 34 (as per first SDBIP)		80 Square meters Repairing of Potholes	Square meters of potholes repaired	Square Meters	N/A	N/A	R 100 000, 00	R 0,00	80 Square meters Repairing of Potholes by 30 June 2022	20 square meters of potholes repaired by 31 Dec 2021	Target not Achieved and Project was removed from the initial SDBIP	Project was removed from the SDBIP after the Mid-Term review due to lack / insufficient funds to continue with the project . The Municipality realised that the project requires more	Funds will be allocated and the project will be executed in 2022-2023 financial year and continuously	Ward 3 & 4	Infrastructure and Planning	Council Resolution Mid-Term Budget and Performance assessment report
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KPI 36 (as per first SD BIP)	Improvement of access to sustainable human settlement	Relocation of Thubelisha Informal Settlement	Relocated Thubelisha Informal Settlement by 30 June 2022	Date	N/A	N/A	R900 000.00	R 0,00	Relocated Thubelisha Informal Settlement by 30 June 2022	Thubelisha Informal Settlements were not relocated by 30 June 2022	Target not Achieved and Project was removed from the initial SDBIP	Project was removed from the SDBIP because there were challenges regarding the signing of SPLUMA Application which will then enable the Municipality to access or receive the	Engagements with Sector Departments are ongoing to ensure the signing of the SPLUMA documents and being able to receive funding to execute the project	Ward 1 & 3	Infrastructure and Planning	Council Resolution Mid-Term Budget and Performance assessment report
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											fundin g from Depart ment of Huma n Settle ments				
KPI 35	Facilitate Housing Forums	Number of Housing Forum meetings facilitated	Number	4 Housing Forums facilitated by 30 June 2021	Only 2 Housing Forums were held by 30 June 2021	R 0,00	R 0,00	4 quarterly Housing Forums facilitated by 30 June 2022	Only 1 Housing Forum was facilitated by 30 June 2022	Target not Achieved	Housing Unit had no designated personnel to facilitate and ensure the functionality of the Unit and sitting of Housing	Municipal Manager has appointed (in August 2022) the Housing Manager to ensure the functionality of Housing Unit	Institutional	Infrastructure and Planning	Attendance Registers for meeting sat in Quarter 3

													Forums					
KPA 3: LOCAL ECONOMIC DEVELOPMENT																		
KPI 36	To create conducive environment for sustainable economic growth and development	Job creation and promotion of employment opportunities	Implementation EPWP Programme	Number of Work Opportunities created through EPWP and Capital Projects	Number	152 Work Opportunities created through EPWP and Capital Projects by 30 June 2021	187 Work Opportunities were created through EPWP and Capital Projects by 30 June 2021	R 1 231 000, 00	R 1 231 000, 00	154 Work Opportunities created through EPWP and Capital Projects by 30 June 2022	245 work opportunities were created as at 30 June 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure Planning	EPWP system report	

KPI 37	LED Projects	Implement LED projects	Date the LED projects in all Wards be implemented	Date	Implemented LED projects in 8 Wards by 30 June 2021	LED Projects were not implemented by 30 June 2021	R 2 000 000, 00	R 500 000, 00	LED projects in all Wards be implemented by 30 June 2022	LED projects were implemented in all Wards by 30 June 2022	Target Achieved	N/A	N/A	Ward 1 - 10	Infrastructure Planning	Project photos and invoices
KPI 38	Formalizing the Informal Economy through Informal Traders	Formalise the Informal Traders	Number of the meetings with the Informal Traders Committee to be conducted	Number	2 meetings conducted with Informal Traders Committee by 30 June 2021	2 meetings were conducted with Informal Traders Committee in March and April 2020	R 0,00	R 0,00	2 meetings be conducted with Informal Traders Committee by 30 June 2022	2 meetings were conducted with Informal Traders Committee by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure & Planning	Attendance Register and Minutes of the meetings

KPA 4: GOOD GOVERNANCE, COMMUNITY PARTICIPATION & WARD COMMITTEE SYSTEM

KPI 39	To promote effective Community Participation	Facilitate IDP and Budget Consultative Meeting	Number of IDP and Budget road-shows to be facilitated	Number	IDP Road-shows facilitated by 30 June 2021	IDP road shows were facilitated from the 18 - 21 March 2021	R 0,00	R 0,00	2 IDP and Budget Road-shows be facilitated by 30 June 2022	2 IDP and Budget Roads hows were held on the 15 Dec 2021 and 28 April 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure Planning	Attendance Register
KPI 40		Develop summarized 2021/2022 IDP Booklets	Date the summarized 2021/2022 IDP Booklets be developed	Date	N/A	N/A	R 100 000,00	R 100 000,00	Summarized 2021/2022 IDP Booklets be developed by 30 June 2022	Summarized 2021/2022 IDP Booklets was developed by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure & Planning	Summarised 2021/2022 IDP booklets
KPI 41		Conduct induction for new appointed	Date the new appointed Ward Committee Member	Date	N/A	N/A	R 200 000,00	R 200 000,00	Appointed Ward Committee members be	Appointed Ward Committee Members	Target Achieved	N/A	N/A	All Wards	Corporate and Community Services	List of inducted Ward Committee Memb

		Ward Committee Members	s be conducted						inducted by 30 June 2022	were inducted on the 17th of March 2022						ers (report for induction)
KPI 42	Implementation of Operation Sukuma Sakhe	Ensure functionality of war rooms	Number of War room meetings to be conducted	Number	4 war rooms meetings conducted by 30 June 2021	Functionality of War rooms were disturbed due to Covid-19 restrictions, as a result 4 War rooms meetings were not conducted	R 0,00	R 0,00	4 quarterly War room meetings be conducted by 30 June 2022	2 quarterly War room meetings were conducted by 30 June 2022	Target not Achieved	War rooms were not held due to Local Government election preparations by Political representatives	New representatives were elected after elections and meetings sat as scheduled since Quarter 3	Institutional	Corporate and Community Services	Attendance Registers for all quarterly war rooms

						by 30 June 2021										
KPI 43	Youth / Sports Development	Participate in Mayoral Games	Date to participate in Mayoral games	Date	Participated in Mayoral games by 31 December 2021	Municipality did participate in Mayoral games by 31 Dec 2021	R 645 420, 00	R 645 420, 00	Participated in Mayoral games by 31 December 2021	Mayoral games were not held by 31 December 2022	Target not Achieved	Games were not held by December 2021 due to Covid-19 regulation	Games are then scheduled for 30 July 2022	Institutional	Corporate and Community Services	Report for Mayoral games
KPI 44	Convene Mayoral Soccer Tournament	Date to convene Mayoral soccer Tournaments	Date	N/A	N/A	R 150 000, 00	R 150 000, 00	Mayoral Soccer Tournament convened by 30 April 2022	Mayoral Soccer Tournament were convened from 10 - 30 April 2022	Target Achieved	N/A	N/A	Institutional	Executive	Report for Mayoral Soccer Tournament	

KPI 45	Conduct Special Programmes	Date the Community Special Programme (Amahhashi) will be conducted	Date	N/A	N/A	R 832 800,00	R 832 800,00	Amahhashi Special Programmes be conducted by 31 December 2021	Horse riding event was held on the 8th October 2021	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Report on Amahhashi programme
KPI 46	Conduct Art & Culture Programmes	Date the Community Art & Culture Programme (Ingoma) will be conducted	Date	N/A	N/A	R 312 300,00	R 312 300,00	Ingoma Art & Culture Programmes be conducted by 31 December 2021	Art & Culture programme (Cothoza) was held in December 2021	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Report on Ingoma programme
KPI 47		Date the Community Art & Culture Programme	Date	N/A	N/A	R 100 000,00	R 100 000,00	Ingoma and Isicathamiya Art & Culture	Ingoma and Isicathamiya Art & Culture	Target Achieved	N/A	N/A	Institutional	Executive	Report for Ingoma and Isicathamiya programme

								Programmes be conducted by 31 April 2022	Programmes be conducted on the 16th of April 2022							mmes
KPI 48	School Support Programme	Date the Winter school support campaign will be conducted		N/A	N/A	R 200 000, 00	R 200 000, 00	Winter school support campaign / registration support be conducted by 30 June 2022	Winter school support campaign / registration support be conducted by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Executive	Report for the winter school campaign	
KPI 49	Participate in HIV/AIDS Programmes	Date to participate in HIV/AIDS Programmes	Date	N/A	N/A	R 56 180, 00	R 56 180, 00	Participated in HIV/AIDS Programmes by 31	The Municipality did not Participate in HIV/AIDS	Target not Achieved	Budget was not available for this programme	Programme will be budgeted for in the next financial year	Institutional	Corporate and Community Services	Report on HIV/AIDS programme	

									March 2022	DS Programmes by 31 March 2022						
KPI 50	Facilitating the functioning of Council and Council Committees	Facilitate sitting of Council meetings	Number of Council meetings to be convened	Number	04 Council meetings convened by 30 June 2020	More than 4 Council meetings (including special Council meetings) were convened by 30 June 2021	R 0,00	R 0,00	04 quarterly Council meetings be convened by 30 June 2022	15 Council meetings were convened including Special Council meetings by 30 June 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Notice, agenda and attendance register
KPI 51	Facilitate sitting of Executive Committee	Number of Executive Committee meeting	Number	4 Executive Committee meetings	More than 4 EXCO meetings (including	R 0,00	R 0,00	04 quarterly Executive Committees	09 Executive Committee meetings be	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Notice, agenda and attendance register	

KPI 53	Facilitate sitting of Infrastructure and Planning Portfolio Committee meetings	Number of Infrastructure and Planning Portfolio Committee to be convened	Number	4 Infrastructure and Planning Portfolio Committee meetings convened by 30 June 2021	3 Infrastructure and Planning Portfolio Committee meetings were convened by 30 June 2021	R 0,00	R 0,00	4 Infrastructure and Planning Portfolio Committee meetings be convened by 30 June 2022	2 Infrastructure and Planning Portfolio Committee meetings were convened by 30 June 2022	Target not Achieved	Meetings were not held accordingly due to election preparations by Political Leadership	New Committees were then established and meetings sat as scheduled since Quarter 3	Institutional	Corporate and Community Services	Notice, agenda and attendance register
KPI 54	Facilitate sittings of Community and Corporate Services Portfolio Committee meetings to be convened	Number of Community and Corporate Services Portfolio Committee meetings to be convened	Number	4 Community and Corporate Services Portfolio Committee meetings	3 Community and Corporate Services Portfolio Committee meetings	R 0,00	R 0,00	4 Community and Corporate Services Portfolio Committee meetings be	3 Community and Corporate Services Portfolio Committee meetings	Target not Achieved	Meetings were not held accordingly due to election preparations by Politic	New Committees were then established and meetings sat as scheduled since Quarter 3	Institutional	Corporate and Community Services	Notice, agenda and attendance register

				conve ned by 30 June 2021	ngs were conve ned by 30 June 2021			conve ned by 30 June 2022	were conve ned by 30 June 2022		al Leader ship				
KPI 55	Facilitate sitting s of Municipal Public Accounts Committee (MPAC) meeting	Number of Municipal Public Accounts Committee (MPAC) to be convened	Number	04 Municipal Public Accounts Committee (MPAC) meetings convened by 30 June 2021	4 Municipal Public Accounts Committee (MPAC) meetings convened by 30 June 2021	R 0,00	R 0,00	04 Municipal Public Accounts Committee (MPAC) meetings convened by 30 June 2022	02 Municipal Public Accounts Committee (MPAC) meetings convened by 30 June 2022	Target not Achieved	Meetings were not held accordingly due to election preparations by Political Leadership	New Committees were then established and meetings sat as scheduled since Quarter 3	Institutional	Corporate and Community Services	Notice , agenda and attendance register

KPI 56		Facilitate sittings of Audit Committee	Number of Audit Committee Meetings to be convened	Number	04 Audit Committee Meetings held by 30 June 2021	5 Audit Committee Meetings (including special) were convened by 30 June 2021	R 300 000, 00	R 300 000, 00	04 Audit Committee Meetings be convened by 30 June 2022	03 Audit Committee Meetings were convened by 30 June 2022	Target not Achieved	Q4 AC meeting could quorate as a result it adjourned	eDumbe Management to ensure the sitting of meetings as required	Institutional	Corporate and Community Services	Notice, agenda and attendance register
KPI 57		Functionality of Audit Committee	Number Audit Committee reports submitted to Council	Number	4 Audit Committee reports submitted to Council by 30 June 2021	Two Audit Committee reports were submitted to Council by 30 June 2021	R 0,00	R 0,00	4 quarterly Audit Committee reports submitted to Council by 30 June 2022	1 Audit Committee report was submitted to Council by 30 June 2022	Target not Achieved	Due to Council deferring some item, Audit Committee could not table all reports by 30	Municipal Manager will emphasize to Council to table all items as submitted to compliance	Institutional	Executive	Council Resolutions

KPI 59	To improve municipal financial viability and sound financial management	Payment to creditors to be made within 30 days in terms of section 65 of MFMA	Ensure payment of creditors within 30 days	Percentage of monthly Creditors paid within 30 days	Percentage	100% Creditors paid within 30 days on monthly basis till 30 June 2021	The Municipality is still unable to pay few of its Creditors within 30 days	As per invoices	As per invoices	100% of Creditors paid within 30 days on monthly basis till 30 June 2022	100% of Creditors were paid within 30 days on monthly basis till 30 June 2022	Target Achieved	N/A	N/A	Institutional	Finance	Creditors Age Analysis (30 June 2022)
KPI 60		Ensuring financial reporting and compliance	Submit in-year Financial Reports in line with legislation	Number of Section 71 compiled and submitted to Treasury within 10 working days by	Number	12 monthly reports submitted to Treasury within 10 working days by 30 June	Monthly Section 71 reports were all submitted to Treasury, However July and	R 0,00	R 0,00	12 monthly Section 71 reports compiled and submitted to Treasury by 30 June 2022	All 12 monthly Section 71 reports compiled and submitted to Treasury (within 10 working days)	Target Achieved	N/A	N/A	Institutional	Finance	12 months confirmation of submission reports

					2021	October report was submitted outside the stipulated timeframe				by 30 June 2022						
KPI 61	Revenue Management	Maintenance of Property Valuation Roll	Date the supplementary valuation roll be finalised	Date	N/A	N/A	R 832 800,00	R 832 800,00	Supplementary roll be finalised by 30 June 2022	Supplementary roll be reviewed and finalised by 3031 March 2021 June 2022	Target Achieved	N/A	N/A	All wards	Finance	Supplementary Valuation Roll
KPI 62	Expenditure Management	Formulate a plan for Conditional grants expenditure	Percentage of expenditure on Conditional Grants	Percentage	100% expenditure spent on Capital Budget	100% was spent on Capital Budget by	R 88 767 071,36	R 88 767 071,36	100% expenditure spent on Conditional grants	100% expenditure was spent on Conditional	Target Achieved	N/A	N/A	Institutional	Finance	Grant Register

			diture			t by 30 June 2021	30 June 2021			by 30 June 2022	grants by 30 June 2022						
KPI 63			Reduc e occura nce of deviati ons	Percenta ge of reduced occuran ce of deviatio ns by 30 June	Perce ntage	Reduc ed deviat ions by 30 June 2021	Deviat ions were reduc ed by 30 June 2021	R 0,00	R 0,00	50% reduc ed occura nce percen tage of deviati ons by 30 June 2022	Occura nce of Deviati ons were reduc ed by 30 June 2022	Target Achieve d	N/A	N/A	Institut ional	Financ e	4 quarte rly UIFW registre rs
KPI 64	Budget & Treasu ry Policie s and Proced ures	Revie w and appro ve all budge t relate d policie s	Date the budget related policies reviewe d and adopted	Date	N/A	N/A	R 0,00	R 0,00	Budge t relate d policie s be review ed and adopt ed by 30 June 2022	Budge t relate d policie s were review ed and adopt ed on 30 May 2022	Target Achieve d	N/A	N/A	Institut ional	Financ e	Counci l Resolu tion	

KPI 65	Assets Management	Perform 4 asset count per year to update the Asset Register	Number of Asset verifications on movable assets performed	Number	4 verifications performed on movable assets by 30 June 2021	Assets verifications were not performed on quarterly basis by 30 June 2021	R 800 000, 00	R 800 000, 00	04 quarterly Assets verifications on movable assets performed by 30 June 2022	Quarterly Assets verifications on movable assets were not performed. However Service Provider was appointed to perform annual verification before 30 June 2022	Target not Achieved	Capacity Constraint	The Consultant have been appointed for verification of Assets and skills transfer	Institutional	Finance	Complete, Accurate and fully supported Fixed Asset Register
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KPA 6 : CROSS CUTTING INTERVENTIONS (SPATIAL DEVELOPMENT, ENVIRONMENT PLANNING & DISASTER MANAGEMENT)

KPI 66	To ensure efficient and sound Strategic and Spatial	Facilitate the formulation of the Credible IDP	Adopt IDP process plan	Date the IDP process plan be adopted	Date	Approved IDP process plan by 30 Sep 2020	IDP process plan was approved on the 02 October 2020	R 0,00	R 0,00	IDP process plan be adopted by 31 September 2021	IDP process plan was approved on the 30th September 2021	Target Achieved	N/A	N/A	Institutional	Infrastructure Planning	Council Resolution
KPI 67	municipal planning		Complete and adopt the 2022/2023 credible IDP	Date the 2022/2023 IDP be adopted	Date	Approved IDP by 30 June 2021	IDP was formulated and approved by 30 June 2021	R 0,00	R 0,00	2022/2023 IDP be adopted by 30 June 2022	2022/2023 IDP be adopted on 30 May 2022	Target Achieved	N/A	N/A	Institutional	Infrastructure Planning	Council Resolution
KPI 68		Road Awareness campaign	Conduct Road awareness campaign	Number of Road awareness campaigns conducted	Number	N/A	N/A	R 20 000,00	R 20 000,00	1 Road awareness campaign conducted by 30 June 2022	1 Road awareness campaign conducted on 14 April 2022	Target Achieved	N/A	N/A	Institutional	Corporate and Community Services	Road awareness Report



eDumbe Local Municipality (KZN261)
Annual Financial Statements
for the year ended 30 June 2022

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Municipality
Nature of business and principal activities	<p>The main purpose of the municipality is to engage in local government activities, which include planning and promotion of integrated development planning, economic and environmental development and provision of services to the community.</p> <p>The municipality provides services such as electricity, refuse and other public services.</p>
Mayoral committee	
Honourable Mayor	MS Mkhabela
Deputy Mayor	SJ Kunene
Speaker	DJ Nhlengethwa
Chief Whip	SN Ntuli
Chairperson: MPAC	HH Vilakazi
Members of Exco	ND Ndlangamandla
Councillors	NS Magagula MVS Mkhwanazi TS Mthethwa TE Kunene DM Mbokazi K Ngema CB Mthethwa ZG Masondo VA Mthethwa TTI Zwane ND Mngomezulu BM Nxusa ND Sibiya
Members of previous council (not re-elected)	B Shabalala DD Maseko MSE Mbokazi ZP Mtetwa RC Gevers DP Masondo JDvR Lourens DF Sukazi ST Hlatshwayo MS Zulu
Accounting officer	JFK Khumalo (acting)
Chief financial officer	GC Letsoalo (acting)
Business address	10 Hoog Street Paulpietersburg 3180
Postal address	Private Bag X308 Paulpietersburg 3180
Bankers	First National Bank

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

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Abbreviations

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

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The annual financial statements set out on pages 5 to 82, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



Accounting Officer
Mr. JFK Khumalo (acting)

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The main purpose of the municipality is to engage in local government activities, which include planning and promotion of integrated development planning, economic and environmental development and provision of services to the community.

The municipality provides services such as electricity, refuse and other public services. and operates principally in South Africa.

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

Net surplus of the municipality was R 2 002 396 (2021: surplus R 689 054).

2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of R 351 959 614 and that the municipality's total assets exceed its liabilities by R 352 059 962.

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

3. Subsequent events

After the financial year end, bad weather resulted in assets being damaged. As this is an event after reporting date, the asset conditions will be assessed in the next financial year and the resulting impairment losses will be accounted for in the following year's financial results.

4. Accounting officer

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

Name	Nationality
JFK Khumalo (acting)	South African

5. Auditors

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

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note	2022	2021 Restated*
Assets			
Current Assets			
Inventories	3	48 812	90 700
Receivables from exchange transactions	4	8 945 994	10 355 966
Receivables from non-exchange transactions	4	24 058 994	22 984 164
Other receivables from exchange transactions	5	160 049	220 553
Other receivables from non-exchange transactions	6	1 979 690	1 254 618
VAT receivable	7	-	775 878
Cash and cash equivalents	8	12 868 989	9 815 026
		<u>48 062 528</u>	<u>45 496 905</u>
Non-Current Assets			
Investment property	9	18 919 000	17 380 000
Property, plant and equipment	10	345 572 181	328 509 065
Intangible assets	11	9 511	14 716
Heritage assets	12	147 149	147 149
		<u>364 647 841</u>	<u>346 050 930</u>
Total Assets		<u>412 710 369</u>	<u>391 547 835</u>
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	23 749 470	24 910 928
VAT payable	14	961 860	-
Consumer deposits	15	238 644	238 644
Unspent conditional grants and receipts	16	10 600 000	-
Current portion of long-term liability	17	390 698	390 698
		<u>35 940 672</u>	<u>25 540 270</u>
Non-Current Liabilities			
Employee benefit obligation	17	12 217 000	10 967 000
Provisions: landfill sites	18	12 492 735	4 983 000
		<u>24 709 735</u>	<u>15 950 000</u>
Total Liabilities		<u>60 650 407</u>	<u>41 490 270</u>
Net Assets		<u>352 059 962</u>	<u>350 057 565</u>
Reserves			
Housing development fund	19	100 348	100 348
Accumulated surplus		351 959 614	349 957 217
Total Net Assets		<u>352 059 962</u>	<u>350 057 565</u>

* See Note 49

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	30 784 360	25 959 905
Rental of facilities and equipment	21	1 355 898	1 426 224
Licences and permits	22	1 179 394	1 010 654
Interest received	23	5 799 700	1 075 948
Other income	24	546 005	895 432
Total revenue from exchange transactions		<u>39 665 357</u>	<u>30 368 163</u>
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	28 624 330	28 322 984
Interest received (non-exchange)	26	2 641 178	206 949
Transfer revenue			
Government grants and subsidies	27	133 636 447	139 811 600
Public contributions and donations	28	37 545 211	-
Fines	29	3 500 580	2 821 110
Total revenue from non-exchange transactions		<u>205 947 746</u>	<u>171 162 643</u>
Total revenue		<u>245 613 103</u>	<u>201 530 806</u>
Expenditure			
Employee related costs	30	(71 726 424)	(62 531 388)
Remuneration of councillors	31	(7 376 656)	(6 613 272)
Depreciation and amortisation	32	(16 441 560)	(14 036 042)
Impairment losses	33	(36 918 472)	(11 306 974)
Finance costs	34	(1 729 238)	(1 202 802)
Debt Impairment	35	(17 667 613)	(24 226 380)
Bulk purchases	36	(36 000 303)	(31 026 192)
Lease rentals on operating lease	37	(382 519)	(557 100)
Contracted services	38	(24 330 518)	(34 502 016)
Loss on disposal of assets and liabilities	39	(14 894 756)	-
General expenses	40	(17 852 739)	(14 785 813)
Total expenditure		<u>(245 320 798)</u>	<u>(200 787 979)</u>
Surplus for the year before extraordinary items		292 305	742 827
Fair value adjustments	25	1 539 000	170 000
Actuarial gains (losses)	17	171 091	(223 773)
Surplus for the year		<u>2 002 396</u>	<u>689 054</u>

* See Note 49

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Accumulated surplus	Total net assets
Opening balance as previously reported	100 348	366 424 633	366 524 981
Adjustments			
Prior year adjustments (Note 49)	—	(17 156 470)	(17 156 470)
Balance at 01 July 2020 as restated*	100 348	349 268 163	349 368 511
Changes in net assets			
Surplus for the year	—	689 054	689 054
Total changes	—	689 054	689 054
Restated* Balance at 01 July 2021	100 348	349 957 218	350 057 566
Changes in net assets			
Surplus for the year	—	2 002 396	2 002 396
Total changes	—	2 002 396	2 002 396
Balance at 30 June 2022	100 348	351 959 614	352 059 962
Note	19		

* See Note 49

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Taxation		22 698 590	15 162 227
Sale of goods and services		22 331 782	28 683 546
Grants and subsidies received		153 691 000	125 071 176
Interest income		539 373	829 510
		<u>199 260 745</u>	<u>169 746 459</u>
Payments			
Employee costs		(77 756 366)	(67 809 487)
Suppliers		(78 183 741)	(79 808 991)
Finance costs		(61 098)	-
		<u>(156 001 205)</u>	<u>(147 618 478)</u>
Net cash flows from operating activities	42	<u>43 259 540</u>	<u>22 127 981</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(40 437 122)	(37 351 312)
Proceeds from sale of property, plant and equipment	39	231 545	-
Net cash flows from investing activities		<u>(40 205 577)</u>	<u>(37 351 312)</u>
Net increase/(decrease) in cash and cash equivalents		3 053 963	(15 223 331)
Cash and cash equivalents at the beginning of the year		9 815 026	25 038 357
Cash and cash equivalents at the end of the year	8	<u>12 868 989</u>	<u>9 815 026</u>

* See Note 49

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	38 007 169	7 000 000	45 007 169	30 784 360	(14 222 809)	Note 58.1
Rental of facilities and equipment	2 008 435	8 000	2 016 435	1 355 898	(660 537)	Note 58.2
Licences and permits	1 262 906	490 360	1 753 266	1 179 394	(573 872)	Note 58.3
Other income	2 634 173	2 168 765	4 802 938	546 005	(4 256 933)	Note 58.4
Interest received - debtors	1 000 000	-	1 000 000	5 260 327	4 260 327	Note 58.5
Interest received - investment	1 249 200	-	1 249 200	539 373	(709 827)	Note 58.6
Total revenue from exchange transactions	46 161 883	9 667 125	55 829 008	39 665 357	(16 163 651)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	29 332 821	199 385	29 532 206	28 624 330	(907 876)	
Property rates - penalties imposed	-	-	-	2 641 178	2 641 178	Note 58.7
Transfer revenue						
Government grants received	137 091 000	-	137 091 000	133 636 447	(3 454 553)	
Public contributions	-	-	-	37 545 211	37 545 211	Note 58.8
Fines	3 223 000	-	3 223 000	3 500 580	277 580	
Total revenue from non-exchange transactions	169 646 821	199 385	169 846 206	205 947 746	36 101 540	
Total revenue	215 808 704	9 866 510	225 675 214	245 613 103	19 937 889	
Expenditure						
Personnel	(68 810 000)	(2 100 000)	(70 910 000)	(71 726 424)	(816 424)	
Remuneration of councillors	(6 037 653)	(1 525 711)	(7 563 364)	(7 376 656)	186 708	
Depreciation and amortisation	(12 410 000)	-	(12 410 000)	(16 441 560)	(4 031 560)	Note 58.9
Impairment loss	-	-	-	(36 918 472)	(36 918 472)	Note 58.10
Finance costs	-	(1 200 000)	(1 200 000)	(1 729 238)	(529 238)	Note 58.11
Lease rentals on operating lease	-	-	-	(382 519)	(382 519)	Note 58.12
Debt impairment	(8 000 000)	-	(8 000 000)	(17 667 613)	(9 667 613)	Note 58.13
Bulk purchases	(30 513 678)	(6 000 000)	(36 513 678)	(36 000 303)	513 375	
Contracted services	(24 900 201)	(258 071)	(25 158 272)	(24 330 518)	827 754	
Grants paid	(738 350)	-	(738 350)	-	738 350	Note 58.14
General expenses	(13 476 494)	(4 270 506)	(17 747 000)	(17 852 739)	(105 739)	Note 58.15
Inventory consumed	(115 863)	-	(115 863)	-	115 863	Note 58.16
Total expenditure	(165 002 239)	(15 354 288)	(180 356 527)	(230 426 042)	(50 069 515)	
Operating surplus	50 806 465	(5 487 778)	45 318 687	15 187 061	(30 131 626)	
Gain on disposal of assets	-	-	-	(14 894 756)	(14 894 756)	
Fair value adjustments	-	-	-	1 539 000	1 539 000	Note 58.17
Actuarial gains/losses	-	-	-	171 091	171 091	Note 58.18
	-	-	-	(13 184 665)	(13 184 665)	
Surplus for the year	50 806 465	(5 487 778)	45 318 687	2 002 396	(43 316 291)	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	93 317	-	93 317	48 812	(44 505)	Note 58.19
Other receivables from exchange transactions	4 024 136	775 207	4 799 343	160 049	(4 639 294)	Note 58.20
Other receivables from non-exchange transactions	-	-	-	1 979 690	1 979 690	Note 58.21
Consumer debtors	-	-	-	33 004 987	33 004 987	Note 58.23
Cash and cash equivalents	31 244 485	(43 882 123)	(12 637 638)	12 868 989	25 506 627	Note 58.24
	<u>35 361 938</u>	<u>(43 106 916)</u>	<u>(7 744 978)</u>	<u>48 062 527</u>	<u>55 807 505</u>	
Non-Current Assets						
Investment property	17 210 000	170 000	17 380 000	18 919 000	1 539 000	
Property, plant and equipment	610 604 450	42 691 384	653 295 834	345 572 181	(307 723 653)	
Intangible assets	219 920	(5 204)	214 716	9 511	(205 205)	Note 58.25
Heritage assets	147 149	-	147 149	147 149	-	
	<u>628 181 519</u>	<u>42 856 180</u>	<u>671 037 699</u>	<u>364 647 841</u>	<u>(306 389 858)</u>	
Total Assets	<u>663 543 457</u>	<u>(250 736)</u>	<u>663 292 721</u>	<u>412 710 368</u>	<u>(250 582 353)</u>	
Liabilities						
Current Liabilities						
Bank overdraft	-	9 815 026	9 815 026	-	(9 815 026)	Note 58.24
Payables from exchange transactions	17 871 423	(14 740 424)	3 130 999	23 749 470	20 618 471	Note 58.26
VAT payable	-	-	-	961 825	961 825	Note 58.22
Consumer deposits	-	238 644	238 644	238 644	-	
Current portion of long-term liability	-	-	-	390 698	390 698	Note 58.27
Unspent conditional grants and receipts	-	-	-	10 600 000	10 600 000	Note 58.28
	<u>17 871 423</u>	<u>(4 686 754)</u>	<u>13 184 669</u>	<u>35 940 637</u>	<u>22 755 968</u>	
Non-Current Liabilities						
Employee benefit obligations	-	-	-	12 217 000	12 217 000	Note 58.27
Provisions: landfill sites	10 767 585	-	10 767 585	12 492 735	1 725 150	Note 58.29
	<u>10 767 585</u>	<u>-</u>	<u>10 767 585</u>	<u>24 709 735</u>	<u>13 942 150</u>	
Total Liabilities	<u>28 639 008</u>	<u>(4 686 754)</u>	<u>23 952 254</u>	<u>60 650 372</u>	<u>36 698 118</u>	
Net Assets	<u>634 904 449</u>	<u>4 436 018</u>	<u>639 340 467</u>	<u>352 059 996</u>	<u>(287 280 471)</u>	
Net Assets						
Reserves						
Housing development fund	100 348	-	100 348	100 348	-	
Accumulated surplus	634 804 101	4 436 018	639 240 119	351 959 648	(287 280 471)	Note 58.30
Total Net Assets	<u>634 904 449</u>	<u>4 436 018</u>	<u>639 340 467</u>	<u>352 059 996</u>	<u>(287 280 471)</u>	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	21 412 000	-	21 412 000	22 698 590	1 286 590	
Sale of goods and services	30 784 574	-	30 784 574	22 331 782	(8 452 792)	
Grants	140 389 600	-	140 389 600	153 691 000	13 301 400	
Interest income	-	-	-	539 373	539 373	Note 58.31
Other receipts	5 540 003	(2 336 162)	3 203 841	-	(3 203 841)	
	<u>198 126 177</u>	<u>(2 336 162)</u>	<u>195 790 015</u>	<u>199 260 745</u>	<u>3 470 730</u>	
Payments						
Employee costs and suppliers	(146 247 656)	-	(146 247 656)	(155 940 108)	(9 692 452)	
Finance costs	-	-	-	(61 097)	(61 097)	
	<u>(146 247 656)</u>	<u>-</u>	<u>(146 247 656)</u>	<u>(156 001 205)</u>	<u>(9 753 549)</u>	
Net cash flows from operating activities	<u>51 878 521</u>	<u>(2 336 162)</u>	<u>49 542 359</u>	<u>43 259 540</u>	<u>(6 282 819)</u>	
Cash flows from investing activities	1 400 000	-	1 400 000	(40 437 122)	(41 837 122)	Note 58.31
Purchase of property, plant and equipment						
Proceeds from sale of property, plant and equipment	48 647 000	-	48 647 000	231 545	(48 415 455)	
Net cash flows from investing activities	<u>50 047 000</u>	<u>-</u>	<u>50 047 000</u>	<u>(40 205 577)</u>	<u>(90 252 577)</u>	
Net increase/(decrease) in cash and cash equivalents	<u>101 925 521</u>	<u>(2 336 162)</u>	<u>99 589 359</u>	<u>3 053 963</u>	<u>(96 535 396)</u>	
Cash and cash equivalents at the beginning of the year	-	(9 815 026)	(9 815 026)	9 815 026	19 630 052	Note 58.31
Cash and cash equivalents at the end of the year	<u>101 925 521</u>	<u>(12 151 188)</u>	<u>89 774 333</u>	<u>12 868 989</u>	<u>(76 905 344)</u>	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand	Note	2022	2021
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1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher if an asset's fair value less costs to sell and value in use.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of property, plant and equipment

The municipality's management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of the respective asset.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

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

Other key assumptions for post retirement benefit obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

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

Allowance for doubtful debts

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

1.4 Investment property

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

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

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

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

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

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

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

Fair value

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

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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 9).

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

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

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

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

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

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1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

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Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

1.7 Heritage assets

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

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Accounting Policies

1.7 Heritage assets (continued)

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

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

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

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

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

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

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

Recognition

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

1.8 Financial instruments

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

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

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

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

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.8 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

- equity instruments or similar forms of unitised capital;
 - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
 - a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.
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Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

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

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

1.9 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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Accounting Policies

1.9 Statutory receivables (continued)

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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

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1.9 Statutory receivables (continued)

Derecognition

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

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

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

1.10 Leases

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

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

Finance leases - lessor

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

Operating leases - lessee

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

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1.11 Inventories

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

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

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

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

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

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

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

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

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

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

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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1.12 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

Accounting Policies

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

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

Value in use

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.14 Employee benefits

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

1.14 Employee benefits (continued)

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the amount determined above; and
 - the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.
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Accounting Policies

1.14 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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Accounting Policies

1.14 Employee benefits (continued)

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

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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Accounting Policies

1.15 Provisions and contingencies (continued)

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 50.

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

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

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

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

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

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

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

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

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

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Accounting Policies

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

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

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

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

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Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

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

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

1.19 Investment income

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

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Accounting Policies

1.21 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

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

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Comparative figures

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.24 Fruitless and wasteful expenditure

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

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

1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
 - (b) the Municipal Systems Act; or
 - (c) the Public Office Bearers Act, 1998 (Act No. 20 of 1998); or
 - (d) the municipality's supply chain management policy.
-

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Accounting Policies

1.25 Irregular expenditure (continued)

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

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 Housing development fund

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

1.27 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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Accounting Policies

1.27 Segment information (continued)

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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Accounting Policies

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.31 Value added tax (VAT)

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

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Figures in Rand	2022	2021
2. New standards and interpretations		
2.1 Standards and interpretations issued, but not yet effective		
The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:		
Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> The Application of Standards of GRAP by Public Entities that apply IFRS Standards IGRAP 21 on The effect of past decisions on materiality 	01 April 2022 01 April 2022	Unlikely there will be a material impact Unlikely there will be a material impact
3. Inventories		
Consumables	48 812	<u>90 700</u>
Inventory pledged as security		
No inventories have been pledged as security for the overdraft facilities of the municipality.		
4. Consumer debtors		
Gross balances		
Rates	65 414 790	59 698 488
Electricity	12 212 053	10 239 318
Refuse	99 863 210	93 341 397
Housing rental	168 478	<u>148 613</u>
	<u>177 658 531</u>	<u>163 427 816</u>
Less: Allowance for impairment		
Rates	(41 355 797)	(36 714 324)
Electricity	(5 251 987)	(3 560 409)
Refuse	(98 045 760)	(89 812 953)
	<u>(144 653 544)</u>	<u>(130 087 686)</u>
Net balance		
Rates	24 058 993	22 984 164
Electricity	6 960 066	6 678 909
Refuse	1 817 450	3 528 444
Housing rental	168 478	<u>148 613</u>
	<u>33 004 987</u>	<u>33 340 130</u>
Statutory receivables included in consumer debtors above are as follows:		
Rates	24 058 994	<u>22 984 164</u>
Financial asset receivables included in consumer debtors above	<u>8 945 993</u>	<u>10 355 966</u>
Total consumer debtors	<u>33 004 987</u>	<u>33 340 130</u>

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Consumer debtors (continued)		
Included in above is receivables from exchange transactions:		
Electricity	6 960 066	6 678 909
Refuse	1 817 450	3 528 444
Housing rental	168 478	148 613
	<u>8 945 994</u>	<u>10 355 966</u>
Included in above is receivables from non-exchange transactions:		
Rates	24 058 994	22 984 164
Net balance	<u>33 004 988</u>	<u>33 340 130</u>
Rates		
Current (0 -30 days)	1 766 630	2 084 731
31 - 60 days	577 642	1 871 684
61 - 90 days	503 996	1 907 152
91 - 120 days	493 498	1 889 739
> 120 days	20 717 227	15 230 858
	<u>24 058 993</u>	<u>22 984 164</u>
Electricity		
Current (0 -30 days)	3 315 405	4 102 260
31 - 60 days	267 793	374 105
61 - 90 days	484 400	285 223
91 - 120 days	99 963	241 584
> 120 days	2 792 505	1 675 737
	<u>6 960 066</u>	<u>6 678 909</u>
Refuse		
Current (0 -30 days)	634 951	322 590
31 - 60 days	289 294	175 557
61 - 90 days	289 890	163 671
91 - 120 days	275 963	158 022
> 120 days	327 352	2 708 604
	<u>1 817 450</u>	<u>3 528 444</u>
Housing rental		
Current (0 -30 days)	18 518	148 613
31 - 60 days	23 484	-
61 - 90 days	5 646	-
91 - 120 days	18 472	-
121 - 365 days	102 358	-
	<u>168 478</u>	<u>148 613</u>

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	2 461 964	1 544 365
31 - 60 days	1 178 078	710 955
61 - 90 days	1 129 235	713 796
91 - 120 days	1 113 163	726 298
> 120 days	127 012 352	119 809 443
	<u>132 894 792</u>	<u>123 504 857</u>
Less: Allowance for impairment	(131 959 266)	(120 011 340)
	<u>935 526</u>	<u>3 493 517</u>
Industrial/commercial		
Current (0 -30 days)	3 413 281	2 429 003
31 - 60 days	387 592	544 846
61 - 90 days	660 851	474 681
91 - 120 days	353 539	410 561
> 120 days	11 703 586	12 075 885
	<u>16 518 849</u>	<u>15 934 976</u>
Less: Allowance for impairment	(12 694 278)	(11 279 386)
	<u>3 824 571</u>	<u>4 655 590</u>
National and provincial government		
Current (0 -30 days)	2 713 291	963 883
31 - 60 days	997 165	1 165 544
61 - 90 days	891 589	1 167 571
91 - 120 days	816 388	1 152 487
> 120 days	22 826 459	19 565 501
	<u>28 244 892</u>	<u>24 014 986</u>
Total		
Current (0 -30 days)	8 588 536	4 937 251
31 - 60 days	2 562 835	2 421 345
61 - 90 days	2 681 674	2 356 047
91 - 120 days	2 283 089	2 289 345
> 120 days	161 542 396	151 423 828
	<u>177 658 530</u>	<u>163 427 816</u>
Less: Allowance for impairment	(144 653 543)	(130 087 686)
	<u>33 004 987</u>	<u>33 340 130</u>
Less: Allowance for impairment		
Current (0 -30 days)	(2 853 033)	-
31 - 60 days	(1 404 622)	-
61 - 90 days	(1 397 742)	-
> 90 days	(138 998 147)	(130 087 686)
	<u>(144 653 544)</u>	<u>(130 087 686)</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(130 087 686)	(106 427 997)
Contributions to allowance	(14 565 858)	(24 226 381)
Debt impairment written off against allowance	-	566 692
	<u>(144 653 544)</u>	<u>(130 087 686)</u>

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Consumer debtors (continued)		
Statutory receivables general information		
Reconciliation of provision for impairment		
Relating specifically to statutory receivables		
Opening balance	(36 714 324)	(19 460 222)
Provision for impairment	(4 641 473)	(17 735 541)
Debt impairment written off against allowance	-	481 439
	<u>(41 355 797)</u>	<u>(36 714 324)</u>
Receivables past due but not impaired		
Relating specifically to statutory receivables		
At 30 June 2022, R22 292 363 (2021: R5 668 575) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	577 642	1 871 684
2 months past due	503 996	1 907 152
3 months past due	21 210 725	1 889 739
Receivables impaired		
Relating specifically to statutory receivables		
As of 30 June 2022, statutory receivables of R41 355 797 (2021: R36 714 324) were impaired and provided for.		
The amount of the provision was R41 355 797 at 30 June 2022 (2021: R36 714 324).		
The ageing of these loans is as follows:		
0 to 6 months	6 194 642	-
Over 3 months	35 161 155	36 714 324
Consumer debtors pledged as security		
None of the consumer debtors have been pledged as security for the municipality's financial liabilities.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
Fair value of consumer debtors		
The management of the municipality is of the opinion that the current value of the consumer debtors recorded at amortised cost in the financial statements approximate their fair value.		
Consumer debtors past due but not impaired		
At 30 June 2022, R 33 004 987 (2021: R 7 066 737) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	1 158 214	2 421 345
2 months past due	1 283 931	2 356 047
3 months past due	24 827 339	2 289 345

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Consumer debtors (continued)		
Consumer debtors impaired		
As of 30 June 2022, consumer debtors of R 144 653 544 (2021: R 130 087 686) were impaired and provided for.		
The amount of the provision was R 144 653 544 as of 30 June 2022 (2021: R 130 087 686).		
The ageing of these debtors is as follows:		
0 to 6 months	8 423 491	-
Over 3 months	136 230 053	130 087 686
The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.		
In determining the recoverability of receivables from exchange transactions, the municipality has placed strong emphasis on verifying the indigent status of consumers. The provision for impairment in respect of the receivables from exchange transactions have been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the provision for impairment. Refer to details in the accounting policy for further details.		
5. Other receivables from exchange transactions		
Other debtors	160 049	142 442
Council debt	-	<u>78 111</u>
	<u>160 049</u>	<u>220 553</u>
6. Other receivables from non-exchange transactions		
Fines	<u>1 979 690</u>	<u>1 254 618</u>
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines (Gross balance)	19 000 108	15 750 668
Provision for impairment	(17 020 418)	(14 496 050)
	<u>1 979 690</u>	<u>1 254 618</u>
Total receivables from non-exchange transactions	<u>1 979 690</u>	<u>1 254 618</u>
Other receivables from non-exchange transactions impaired		
As of 30 June 2022, other receivables from non-exchange transactions of R 17 020 418 (2021: R 14 496 050) were impaired and provided for.		
The ageing of these loans is as follows:		
Over 6 months	17 020 418	14 496 050
Reconciliation of provision for impairment of other receivables from non-exchange transactions		
Opening balance	(14 766 050)	(11 528 456)
Provision for impairment	(2 524 368)	(3 237 594)
	<u>(17 290 418)</u>	<u>(14 766 050)</u>
7. VAT receivable		
VAT	-	<u>775 878</u>

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	82	82
Bank balances	12 868 907	9 814 944
	<u>12 868 989</u>	<u>9 815 026</u>

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

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

Credit rating		
AAA	12 868 989	9 815 026

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
First National Bank - Current account - 53280004459	11 503 929	3 863 224	1 594 990	11 503 929	3 880 296	1 594 990
First National Bank - Call account - 622196848746	135 525	132 498	129 982	135 525	132 498	129 982
First National Bank - Call account - 61328003233	769 632	1 678 748	3 422 281	769 632	1 678 748	3 422 281
First National Bank - Call account - 62033660376	335 519	3 030 780	16 507 896	335 519	3 030 780	16 507 896
First National Bank - Call account - 62421843807	105 279	1 074 259	3 365 145	105 279	1 074 259	3 365 145
Grindrod Bank - Investment account - 154009	19 023	18 364	17 771	19 023	18 364	17 771
Total	<u>12 868 907</u>	<u>9 797 873</u>	<u>25 038 065</u>	<u>12 868 907</u>	<u>9 814 945</u>	<u>25 038 065</u>

9. Investment property

	2022			2021		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	<u>18 919 000</u>	<u>-</u>	<u>18 919 000</u>	<u>17 380 000</u>	<u>-</u>	<u>17 380 000</u>

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	<u>17 380 000</u>	<u>1 539 000</u>	<u>18 919 000</u>

Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Investment property	<u>17 210 000</u>	<u>170 000</u>	<u>17 380 000</u>

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

9. Investment property (continued)

Pledged as security

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

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

Details of valuation

The effective date of the valuation was 30 June 2022. The valuations were performed by an independent valuer, Mr. Alan Robert Stephenson of Mills Fitcher Property Valuers. Mills Fitcher Property Valuers are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

The following criteria was used to determine whether a property should be classified as investment property:

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

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

Maintenance of investment property

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

Under construction and contractual commitments

No investment property was under construction or incurred towards contractual commitments during the financial year.

10. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	35 230 040	-	35 230 040	35 969 076	-	35 969 076
Buildings	57 484 726	(32 721 344)	24 763 382	58 438 750	(24 180 455)	34 258 295
Infrastructure	203 173 778	(73 829 714)	129 344 064	201 483 205	(67 174 985)	134 308 220
Community	163 825 337	(42 715 187)	121 110 150	127 874 992	(34 717 759)	93 157 233
Other property, plant and equipment	19 757 034	(10 594 176)	9 162 858	20 782 533	(12 214 368)	8 568 165
Work-in-progress	26 323 610	(361 923)	25 961 687	22 248 076	-	22 248 076
Total	505 794 525	(160 222 344)	345 572 181	466 796 632	(138 287 567)	328 509 065

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Additions through WIP	Disposals	Depreciation	Impairment loss	Total
Land	35 969 076	-	-	-	-	(739 036)	35 230 040
Buildings	34 258 295	-	-	(53 979)	(2 001 727)	(7 439 207)	24 763 382
Infrastructure	134 308 220	7 042 594	21 343 694	(11 574 987)	(7 624 732)	(14 150 725)	129 344 064
Community	93 157 233	-	48 504 066	(3 260 243)	(4 853 125)	(12 437 781)	121 110 150
Other property, plant and equipment	8 568 165	1 930 086	485 825	(237 092)	(1 956 771)	372 645	9 162 858
Work-in-progress	22 248 076	74 047 196	(70 333 585)	-	-	-	25 961 687
	<u>328 509 065</u>	<u>83 019 876</u>	<u>-</u>	<u>(15 126 301)</u>	<u>(16 436 355)</u>	<u>(34 394 104)</u>	<u>345 572 181</u>

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Additions through WIP	Depreciation	Impairment loss	Total
Land	44 039 076	-	-	-	(8 070 000)	35 969 076
Buildings	36 277 035	-	-	(2 018 740)	-	34 258 295
Infrastructure	121 809 171	-	18 750 059	(6 251 010)	-	134 308 220
Community	76 778 586	-	19 887 712	(3 509 065)	-	93 157 233
Other property, plant and equipment	8 311 749	2 508 437	-	(2 252 021)	-	8 568 165
Work-in-progress	24 495 701	36 390 146	(38 637 771)	-	-	22 248 076
	<u>311 711 318</u>	<u>38 898 583</u>	<u>-</u>	<u>(14 030 836)</u>	<u>(8 070 000)</u>	<u>328 509 065</u>

Pledged as security

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

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021	
10. Property, plant and equipment (continued)			
Other information			
Reconciliation of the purchase of property, plant and equipment for purposes of the cash flow statement:			
Additions as per note	83 019 876	38 898 583	
Public contribution and donations	(37 545 211)	-	
	<u>45 474 665</u>	<u>38 898 583</u>	
Property, plant and equipment in the process of being constructed or developed			
Cumulative expenditure recognised in the carrying value of property, plant and equipment:			
Infrastructure	24 377 448	14 990 003	
Community	1 584 239	7 258 074	
	<u>25 961 687</u>	<u>22 248 077</u>	
Reconciliation of work-in-progress 2022			
	Included within infrastructure	Included within community	Total
Opening balance	14 990 003	7 258 074	22 248 077
Additions/capital expenditure	30 798 878	5 703 106	36 501 984
Transferred to completed items	(21 411 433)	(11 376 941)	(32 788 374)
	<u>24 377 448</u>	<u>1 584 239</u>	<u>25 961 687</u>
Reconciliation of work-in-progress 2021			
	Included within infrastructure	Included within community	Total
Opening balance	9 814 965	14 680 736	24 495 701
Additions/capital expenditure	25 562 773	10 827 374	36 390 147
Transferred to completed items	(20 387 735)	(18 250 036)	(38 637 771)
	<u>14 990 003</u>	<u>7 258 074</u>	<u>22 248 077</u>
Expenditure incurred to repair and maintain property, plant and equipment			
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of financial performance:			
Building	1 045 469	1 067 337	
Equipment	7 409 324	13 530 018	
	<u>8 454 793</u>	<u>14 597 355</u>	

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

Discount benefit scheme

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

The 769 portions of land which should have been transferred to the citizens are currently still under the name of the eDumbe Local Municipality as per the deed office and register, however the land belongs to different beneficiaries and is already in possession of the citizens.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand

2022

2021

11. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	232 961	(223 450)	9 511	232 961	(218 245)	14 716

Reconciliation of intangible assets - 2022

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

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	19 920	(5 204)	14 716

Pledged as security

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

12. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	147 149	-	147 149	147 149	-	147 149

Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain	147 149	147 149

Reconciliation of heritage assets 2021

	Opening balance	Total
Mayoral chain	147 149	147 149

Pledged as security

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

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
13. Payables from exchange transactions		
Trade payables	10 961 197	10 578 861
Payments received in advanced	1 139 605	605 330
Consumer debtors with credit balances	549 599	1 720 943
Salary control accounts	1 173 249	-
Accrued leave pay	4 537 034	4 675 918
Accrued bonus	1 702 386	1 610 128
Retentions	3 657 537	5 662 588
Unallocated deposits	28 863	57 160
	<u>23 749 470</u>	<u>24 910 928</u>

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

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

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

14. VAT payable

VAT payable	<u>961 860</u>	:
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15. Consumer deposits

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

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

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

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Provincial: Small town rehabilitation	<u>10 600 000</u>	:

Movement during the year

Balance at the beginning of the year	-	14 740 424
Additions during the year	153 691 000	132 123 000
Income recognition during the year	(143 091 000)	(146 863 424)
	<u>10 600 000</u>	<u> </u>

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

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
16. Unspent conditional grants and receipts (continued)		
See note 27 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
In the current financial year, municipality received grants' funding from KZN Department of Human Settlement amounting to R28 058 071 and the funding was spent in full by year end. Since the municipality only acts as an agent, no revenue was recognised from the funding and no asset was added to the asset register from the projects implemented.		
17. Employee benefit obligations		
Post-employment medical aid benefit		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Accrued liability	7 354 000	6 436 000
Current service cost	544 000	422 000
Interest cost	810 000	805 000
Benefits paid	(83 528)	(114 643)
Actuarial (gains)/losses	(397 472)	(194 357)
	<u>8 227 000</u>	<u>7 354 000</u>
Non-current liabilities	8 227 000	7 354 000
Membership data	Male	Female
Number of active employees	32	38
Subsidy weighted average	40,8	40,9
Subsidy weighted average past service	1,4	11,6
Number of spouses	12	2
Average salary payable during the retirement	R 2 260 R	1 980
Continuation members (pensioners)	Male	Female
Number of continuation members	-	3
Subsidy weighted average	-	70,2
Average monthly salary	-R	2 270
Financial variables/assumptions		
The two most important financial variables used in our are the discount rate and salary inflation. The assumption has been made for these variables as follows:		
	Assumed valuation	Assumed value
	30 June 2022	30 June 2021
	(current valuation)	(preceding valuation)
Discount rate	Yield curve	Yield curve
Consumer price index (CPI)	Difference between nominal and yield curves	Difference between nominal and yield curves
Medical aid contribution inflation	CPI + 2,5%	CPI + 2,5%
Net effective discount rate	Yield curve based **	Yield curve based **

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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17. Employee benefit obligations (continued)

Subsidy agreement

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

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

Mortality rate

Average retirement age

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

Normal retirement age

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

Mortality rates

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

Spouses and dependents

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

Decrements withdrawal

Age band (in years)

Age band (in years)	Withdrawal rates		Withdrawal rates	
	Male		Female	
20 - 24	16	%	24	%
25 - 29	12	%	18	%
30 - 34	10	%	15	%
35 - 39	8	%	10	%
40 - 44	6	%	6	%
45 - 49	4	%	4	%
50 - 54	2	%	2	%
55 - 59	1	%	1	%

Long service award

Long service awards are granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The said award comprises of a certain number of additional vacation leave days as prescribed on the basic condition of employment. The effective date used for the purpose of the valuation was 30 June 2022.

The most recent actuarial valuation of the unfunded defined benefit obligation was carried out as at 30 June 2022 by ZAQ Consultants and Actuaries.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
17. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Accrued liability	3 613 000	2 912 000
Current service cost	348 000	283 000
Interest cost	391 000	360 000
Benefits paid	(588 381)	(360 129)
Actuarial (gains)/losses	226 381	418 129
	<u>3 990 000</u>	<u>3 613 000</u>
Non-current liabilities	3 990 000	3 613 000
Current liabilities	390 698	390 698
	<u>4 380 698</u>	<u>4 003 698</u>
Membership data	Male	Female
Number of active employees	111	43
Salary weighted average age (in years)	57,0	37,9
Weighted average past service (in years)	11,7	8,0
Formula used to calculate the total long service award liability	Total long service award liability (% of annual salary)	Completed years of service
(10/250)*annual salary	4 %	10
(20/250)*annual salary	8 %	15
(30/250)*annual salary	12 %	20
(30/250)*annual salary	12 %	25
(30/250)*annual salary	12 %	30
(30/250)*annual salary	12 %	35
(30/250)*annual salary	12 %	40
(30/250)*annual salary	12 %	45
Financial variables/assumptions		
The two most important financial variables used in our are the discount rate and salary inflation. The assumption has been made for these variables as follows:		
	Assumed valuation 30 June 2022 (current valuation)	Assumed value 30 June 2021 (preceding valuation)
Discount rate	Yield curve	Yield curve
Consumer price index (CPI)	Difference between nominal and yield curves	Difference between nominal and yield curves
Normal salary increase rate	CPI + 1%	CPI + 1%
Net effective discount rate	Yield curve based **	Yield curve based **

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
17. Employee benefit obligations (continued)		
Mortality rate		
Average retirement age		
<ul style="list-style-type: none"> The average retirement age for all active employees was assumed to be 63 years of age. The assumptions implicitly allows for ill-health and early retirements. 		
Normal retirement age		
<ul style="list-style-type: none"> The normal retirement age for all active employees was assumed to be 65 years of age. 		
Mortality rates		
<ul style="list-style-type: none"> Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. 		
Decrements withdrawal		
Age band (in years)	Withdrawal rates Male	Withdrawal rates Female
20 - 24	16 %	24 %
25 - 29	12 %	18 %
30 - 34	10 %	15 %
35 - 39	8 %	10 %
40 - 44	6 %	6 %
45 - 49	4 %	4 %
50 - 54	2 %	2 %
55 - 59	1 %	1 %
Employee benefit liabilities		
Non-current liabilities	12 217 000	10 967 000
Current liabilities	390 698	390 698
	<u>12 607 698</u>	<u>11 357 698</u>

18. Provisions: landfill sites

Reconciliation of provisions: landfill sites - 2022

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

Reconciliation of provisions: landfill sites - 2021

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	<u>4 331 585</u>	<u>651 415</u>	<u>4 983 000</u>

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
18. Provisions: landfill sites (continued)		
Environmental rehabilitation provision		
The provision for the rehabilitation of the landfill sites relate to the legal obligation to rehabilitation sites used for waste disposal.		
As at 30 June 2022, the estimated cost to be incurred by the municipality to restore its landfill sites at the end of their useful lives will be R12 492 735 (2021: R4 983 000). The amount of the rehabilitation is dependent on future costs, technology, inflation and site consumption. The landfill provision represents management's best estimate of the municipality's liability.		
The municipality currently has two landfill sites:		
<ul style="list-style-type: none"> • The old landfill site is situated near Esikhaleni; and • The new landfill site by the Coal Siding. 		
The municipality has not utilised the old site as a landfill site since January 2014 and the current status of the old landfill site reflects that there are no traces of a landfill site. Therefore, the old landfill site does not acquire any provision for closure. The landfill site conditional assessment for both sites were conducted by Enviropro.		
The new landfill site is expected to be fully operational until 30 June 2026 and it is assumed that the rehabilitation will only take place thereafter. The calculation of the provision amount for the new landfill site was done at 30 June 2022 by Enviropro, whereafter the report was issued to the municipality with a report date of August 2022.		
19. Housing development fund		
The fund contains all proceeds from housing developments, which include rental income and proceeds through the sale of houses.		
Monies standing to the credit of the fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.		
The balance of the funding is included in the municipality's primary and call bank accounts.		
Housing development fund	100 348	<u>100 348</u>
20. Service charges		
Sale of electricity (conventional)	17 865 680	15 306 017
Sale of electricity (prepaid)	11 345 502	9 336 190
Refuse removal	1 573 178	<u>1 317 698</u>
	<u>30 784 360</u>	<u>25 959 905</u>
The amounts disclosed above for revenue generated from service charges are in respect to services rendered and billed to the consumers on a monthly basis in accordance with the approved tariffs, except in the case of service rendered to consumers registered as indigent debtors. It is the municipality's practice not to bill indigent consumer debtors for services rendered.		
21. Rental of facilities and equipment		
Premises		
Land	19 374	137 724
Plantation	1 163 225	1 162 627
Premises	173 299	<u>125 873</u>
	<u>1 355 898</u>	<u>1 426 224</u>

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
22. Licences and permits		
Motor vehicle	483 641	320 600
Driver and learner	682 970	680 576
Business	12 783	9 478
	<u>1 179 394</u>	<u>1 010 654</u>
23. Investment revenue		
Interest revenue		
External investments	539 373	829 511
Outstanding debtors	5 260 327	246 437
	<u>5 799 700</u>	<u>1 075 948</u>
The amount included in Investment revenue arising from exchange transactions amounted to R 5 799 700.		
24. Other income		
Building plan fees	23 443	28 984
Burial fees	33 074	37 010
Clearance certificates	6 485	12 243
Connection and re-connection fees	28 729	-
Hall hire	37 693	23 143
Insurance received	18 743	16 996
Recoveries	75 745	368 398
SETA refund	81 093	94 064
Staff rental income	55 703	58 400
Tender fees	185 297	256 194
	<u>546 005</u>	<u>895 432</u>
25. Fair value adjustments		
Investment property (fair value model)	<u>1 539 000</u>	<u>170 000</u>
26. Property rates		
Rates received		
Residential	3 534 247	4 052 820
Commercial	5 553 655	6 027 620
State	13 568 224	12 318 735
Small holdings and farms	937 080	900 801
Property rates	1 006 068	1 097 528
Agricultural	3 999 686	3 974 395
Vacant land/stands	1 081 165	1 055 360
Less: Income forgone	(1 055 795)	(1 104 275)
	<u>28 624 330</u>	<u>28 322 984</u>
Interest received (non-exchange)	2 641 178	206 949
	<u>31 265 508</u>	<u>28 529 933</u>

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
26. Property rates (continued)		
Valuations		
Residential	668 617 720	668 617 720
Commercial	342 104 000	342 104 000
State	641 646 000	641 646 000
Municipal	22 185 000	22 185 000
Place of Worship	17 463 000	17 463 000
Specialised non-market	1 577 000	1 577 000
Agricultural	2 093 782 000	2 093 782 000
Vacant land/stands	39 934 250	39 934 250
	<u>3 827 308 970</u>	<u>3 827 308 970</u>

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

Rebates of 15% (2021: 15%) and 10% (2021: 10%) are granted to businesses and vacant land/stands respectively, while properties classified as places of worship, municipal properties, communal land and NPOs are 100% (2021: 100%) exempt.

27. Government grants and subsidies

Operating grants

Equitable share	82 382 000	94 206 000
National: Extended Public Works Programme (EPWP)	1 231 000	1 522 000
National: Finance Management Grant (FMG)	2 900 000	2 800 000
Provincial: Arts and Culture	3 231 000	3 080 000
National: Energy Efficiency and Demand Side Management (EEDSM)	2 000 000	-
	<u>91 744 000</u>	<u>101 608 000</u>

Capital grants

National: Integrated National Electrification Programme (INEP)	17 045 447	5 731 176
National: Municipal Infrastructure Grant (MIG)	24 847 000	17 732 000
Provincial: Small town rehabilitation	-	14 740 424
	<u>41 892 447</u>	<u>38 203 600</u>
	<u>133 636 447</u>	<u>139 811 600</u>

Equitable share

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

All registered indigents receive a monthly subsidy of 50 KWh of electricity, which is funded from the grant.

National: Extended Public Works Programme (EPWP)

Current year receipts	1 231 000	1 522 000
Conditions met - transferred to revenue	<u>(1 231 000)</u>	<u>(1 522 000)</u>
	<u>-</u>	<u>-</u>

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

All the conditions of the grant were met and no funds were withheld.

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
27. Government grants and subsidies (continued)		
National: Finance Management Grant (FMG)		
Current year receipts	2 900 000	2 800 000
Conditions met - transferred to revenue	(2 900 000)	(2 800 000)
	<u> </u>	<u> </u> =

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

All the conditions of the grant were met and no funds were withheld.

Provincial: Arts and Culture

Current-year receipts	3 231 000	3 080 000
Conditions met - transferred to revenue	(3 231 000)	(3 080 000)
	<u> </u>	<u> </u> =

The grant used by the libraries for their operations. The library services failed to implement their plans in the previous financial year, which lead to the opening balance being carried over.

All the conditions of the grant were met and no funds were withheld.

Provincial: Sports, Arts and Culture (maintenance)

Conditions still to be met - remain liabilities (see note 16).

All the conditions of the grant were met and no funds were withheld.

Provincial: Small town rehabilitation

Balance unspent at beginning of year	-	14 740 424
Current-year receipts	10 600 000	-
Conditions met - transferred to revenue	-	(14 740 424)
	<u>10 600 000</u>	<u> </u> =

Conditions still to be met - remain liabilities (see note 16).

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

National: Integrated National Electrification Programme (INEP)

Current year receipts	26 500 000	12 783 000
Conditions met - transferred to revenue	(17 045 447)	(7 567 631)
Conditions met - GRAP 109: Principal-agent arrangement	(9 454 553)	(5 215 369)
	<u> </u>	<u> </u> =

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

All the conditions of the grant were met and no funds were withheld.

eDumbe Local Municipality (KZN261)

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
27. Government grants and subsidies (continued)		
National: Municipal Infrastructure Grant (MIG)		
Current-year receipts	24 847 000	17 732 000
Conditions met - transferred to revenue	(24 847 000)	(17 732 000)
	<u> </u>	<u> </u> =

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions, and to provide for new, rehabilitation and upgrading of municipal infrastructure.

All the conditions of the grant were met and no funds were withheld.

28. Public contributions and donations

Library	37 545 211	<u> </u> =
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The municipality received a library building and related movable assets as a donation during the year. The library has been verified and has been included in the asset register of the municipality.

29. Fines

Traffic fines	3 500 580	<u>2 821 110</u>
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The fines issued, but not yet collected at 30 June 2022 amounted to R3 249 440 (2021: R2 669 450). Based on past experience, it is management's best estimate that only 7% (2021: 5%) of the outstanding traffic fines have not been impaired.

30. Employee related costs

Basic salaries and wages	49 660 050	42 697 544
Bonus	3 747 190	2 954 130
Leave pay provision charge	525 837	763 522
Pensioners allowance	544 000	422 000
Protective clothing	152 618	102 112
Overtime payments	1 144 374	1 208 031
Long service awards	348 000	283 000
Acting allowances	827 690	1 071 503
Car allowance	2 307 407	1 963 835
Cellphone allowances	347 100	294 100
Housing benefits and allowances	363 882	361 094
Standby allowances	1 449 072	1 286 727
Defined contribution plans	7 209 595	6 362 923
Council contributions: Medical aid	2 227 535	2 103 107
Council contribution: SALGBC	34 804	30 451
Council contributions: UIF	400 388	320 974
Risk allowance	436 882	<u>306 335</u>
	<u>71 726 424</u>	<u>62 531 388</u>

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
30. Employee related costs (continued)		
Remuneration of the Acting Municipal Manager: Ms JFK Khumalo		
Annual Remuneration	700 397	387 676
Unpaid	-	(16 175)
Backpay	-	36 225
Car allowance	292 308	161 795
Cellphone allowance	28 800	16 800
Remote allowance	39 708	16 545
Council contributions to UIF, medical aid and pension funds	2 125	1 069
Performance bonus	52 117	-
	<u>1 115 455</u>	<u>603 935</u>

Ms JFK Khumalo was appointed by the municipal council to act in the position of Municipal Manager on a month-to-month basis, not exceeding three months.

Remuneration of the Director: Infrastructure and Planning: Mr S Cele

Annual remuneration	-	248 212
Backpay	-	69 489
Remote allowance	-	43 583
Car allowance	-	9 500
Cellphone allowance	-	49 809
Housing allowance	-	16 603
Leave payout	-	50 615
Council contributions to UIF, medical aid and pension funds	-	<u>73 383</u>
	<u>-</u>	<u>561 194</u>

Mr S Cele tendered his resignation on 30 November 2020.

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

Acting allowance	-	<u>49 923</u>
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Mr CT Buthelezi acted as the Director: Infrastructure and Planning for 7 months and received an acting allowance amounting to R49 923 as approved by the council.

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

Acting allowance	64 186	-
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Mr MS Khanyile was appointed by the municipal council to act in the position of Director: Infrastructure and Planning on a month-to-month basis, not exceeding three months.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
30. Employee related costs (continued)		
Remuneration of Acting Chief Financial Officer: Ms TC Khumalo		
Annual remuneration	-	47 922
Unpaid	-	(11 067)
Car allowance	-	20 000
Cellphone allowance	-	2 400
Remote allowance	-	2 717
Leave payout	-	4 427
Council contributions to UIF, medical aid and pension funds	-	193
	<u>-</u>	<u>66 592</u>
Ms TC Khumalo was appointed by the council to act in the position of the Chief Financial Officer and she only served for one month.		
Remuneration of the Acting Chief Finance Officer: Mr GC Letsoalo		
Annual remuneration	373 559	-
Car allowance	224 142	-
Cellphone allowance	26 400	-
Backpay	15 686	-
Remote allowance	29 886	-
Pension portion	74 714	-
Council contributions to UIF, medical aid and pension funds	1 948	-
	<u>746 335</u>	<u>-</u>
Mr GC Letsoalo was appointed by the municipal council to act in the position of Chief Financial Officer on a month-to-month basis, not exceeding three months.		
Remuneration of the Director: Corporate and Community Services: Mr VB Mbatha		
Annual remuneration	543 375	542 541
Car allowance	153 957	153 957
Cellphone allowance	22 800	22 800
Housing allowance	208 294	208 294
Remote allowance	36 225	36 225
Contribution to UIF, medical aid and pension funds	2 125	1 813
Performance bonus	163 013	-
	<u>1 129 789</u>	<u>965 630</u>
31. Remuneration of councillors		
Honourable Mayor	900 145	904 546
Deputy Mayor	683 171	558 385
Speaker	891 724	897 804
Chief Whip	264 127	-
MPAC Chairperson	388 220	396 551
Mayoral Committee Member	411 735	407 875
Councillors	3 837 534	3 448 111
	<u>7 376 656</u>	<u>6 613 272</u>
32. Depreciation and amortisation		
Property, plant and equipment	16 436 355	14 030 838
Intangible assets	5 205	5 204
	<u>16 441 560</u>	<u>14 036 042</u>

eDumbe Local Municipality (KZN261)

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Figures in Rand	2022	2021		
33. Impairment of assets				
Impairments				
Property, plant and equipment	34 394 104	8 431 923		
The impairment loss represents the losses identified during the preparation of the fixed asset register and is attributable to individual items in infrastructure - and community assets.				
Other receivables from non-exchange transactions	2 524 368	2 875 051		
The impairment loss represents the movement in the provision for impairment for the fines debtors recognised.				
	<u>36 918 472</u>	<u>11 306 974</u>		
34. Finance costs				
Provisions (rehabilitation of landfill site)	467 141	-		
Trade and other payables	61 097	37 730		
Employee benefit liabilities	1 201 000	1 165 072		
	<u>1 729 238</u>	<u>1 202 802</u>		
35. Debt impairment				
Debt impairment	17 667 613	24 226 380		
36. Bulk purchases				
Electricity	36 000 303	31 026 192		
Electricity losses				
	Number	Number		
	2022	2021		
Units purchased (kWh)	23 989 475	24 317 748	36 000 303	31 029 192
Units sold (kWh)	(13 700 720)	(13 019 091)	(33 942 851)	(24 433 231)
Total loss	10 288 755	11 298 657	<u>2 057 452</u>	<u>6 595 961</u>
Percentage loss:				
Technical and non-technical losses	43 %	47 %	6 %	21 %
37. Lease rentals on operating lease				
Lease rentals on operating lease				
Contractual amounts			382 519	557 100
Operating lease rentals represent rentals payable by the municipality for photocopiers. Leases are normally negotiated for an average term of three (3) years. The municipality entered into a contract with ITEC Solution for photocopiers for a period of three (3) years.				

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Figures in Rand	2022	2021
38. Contracted services		
Outsourced services		
Burial services	186 813	112 228
Business and advisory	2 509 638	1 370 059
Catering Services	852 118	1 535 590
Clearing and grass cutting services	1 162 500	650 000
Medical services	-	19 500
Professional staff	1 036 377	231 913
Refuse removal	311 478	262 731
Security services	5 010 039	3 173 466
Transport services	713 050	647 252
Consultants and professional services		
Business and advisory	1 857 137	1 767 969
Infrastructure and planning	2 088 494	1 753 988
Legal cost	148 081	8 508 945
Contractors		
Maintenance of buildings and facilities	1 045 469	1 067 337
Maintenance of equipment	1 349 428	299 066
Maintenance of roads	6 059 896	13 101 972
	<u>24 330 518</u>	<u>34 502 016</u>
39. Gain (loss) on disposal of assets and liabilities		
Proceeds with the disposal of assets and liabilities	231 545	-
Carrying value of assets disposed / written-off / derecognised	(15 126 301)	-
	<u>(14 894 756)</u>	<u>-</u>

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Figures in Rand	2022	2021
40. General expenses		
Accommodation	1 141 826	701 216
Advertising	559 936	505 446
Auditors remuneration	1 615 413	1 559 823
Bank charges	211 890	121 611
Computer expenses	27 210	64 480
Consulting and professional fees	2 991 704	2 152 865
Consumables	847 461	53 228
Electricity	2 418 867	2 429 627
Fuel and oil	2 149 517	1 261 325
Insurance	939 344	920 692
Internet costs	12 665	15 778
Membership fees (SALGA)	820 822	754 283
Motor vehicle expenses	5 217	98 083
Postage and courier	2 026	2 026
Prepaid electricity	517 133	498 706
Printing and stationery	561 354	492 484
Protective clothing	29 000	1 159 945
Repairs and maintenance	520 000	432 286
Seating allowance	22 400	19 600
Skills development levies	996 155	547 845
Software expenses	-	7 714
Telephone and fax	470 591	311 191
Travel - local	445 008	4 359
Ward committees	547 200	671 200
	<u>17 852 739</u>	<u>14 785 813</u>
Included in the above is Covid-19 expenditure amounting to R29 000 (2021: R7 257 592).		
41. Auditors' remuneration		
Fees	<u>1 615 413</u>	<u>1 559 823</u>
42. Cash generated from operations		
Surplus	2 002 396	689 054
Adjustments for:		
Depreciation and amortisation	16 441 560	14 036 042
Gain on sale of assets and liabilities	14 894 756	-
Fair value adjustments	(1 539 000)	(170 000)
Impairment of assets	34 394 104	8 431 923
Debt impairment	17 667 613	24 226 380
Movements in retirement benefit assets and liabilities	1 250 000	1 957 898
Movement in provisions	7 509 735	651 415
Public contributions and donations	(37 545 211)	-
Non-cash movement in property, plant and equipment	(5 037 543)	(1 909 194)
Changes in working capital:		
Inventories	41 888	2 617
Other receivables from exchange transactions	60 504	(134 862)
Consumer debtors	(14 230 716)	(15 060 913)
Other receivables from non-exchange transactions	(3 826 827)	835
Payables from exchange transactions	(1 161 457)	4 875 709
VAT	1 737 738	(729 369)
Unspent conditional grants and receipts	10 600 000	(14 740 424)
Consumer deposits	-	870
	<u>43 259 540</u>	<u>22 127 981</u>

eDumbe Local Municipality (KZN261)

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43. Related parties

Relationships

Members of key management

Refer to the employee related cost - Note 30

Members of council

Refer to the remuneration of management

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

Remuneration of management

Councillors

2022

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

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43. Related parties (continued)

2021

Name	Basic salary	Cellphone allowance	Data allowance	Re-imbursments	Total
SJ Kunene	860 859	40 800	3 600	(712)	904 547
ND Ndlangamandla	384 198	40 800	3 600	129 787	558 385
ST Hlatshwayo	688 688	40 800	3 600	164 716	897 804
HH Vilakazi	349 618	40 800	3 600	2 533	396 551
ND Sibiya	360 193	40 800	3 600	3 282	407 875
Me B Shabalala	272 430	40 800	3 600	(325)	316 505
MSE Mbokazi	272 430	40 800	3 600	2 533	319 363
DF Sukazi	272 430	40 800	3 600	3 183	320 013
JB Mthethwa	227 025	34 000	3 000	(257)	263 768
RC Gevers	272 430	40 800	3 600	(325)	316 505
JDvR Lourens	272 430	40 800	3 600	(325)	316 505
DP Masondo	272 430	40 800	3 600	(257)	316 573
ND Mngomezulu	272 430	40 800	3 600	3 192	320 022
DD Maseko	272 430	40 800	3 600	2 533	319 363
MS Zulu	272 430	40 800	3 600	3 300	320 130
ZP Mtetwa	272 430	40 800	3 600	2 533	319 363
	<u>5 594 881</u>	<u>646 000</u>	<u>57 000</u>	<u>315 391</u>	<u>6 613 272</u>

44. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment 17 360 986 4 047 546

Total capital commitments

Already contracted for but not provided for 17 360 986 4 047 546

Total commitments

Total commitments

Authorised capital expenditure 17 360 986 4 047 546

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

45. Unauthorised expenditure

Opening balance as previously reported	92 305 491	<u>67 549 183</u>
Opening balance as restated	<u>92 305 491</u>	67 549 183
Add: Expenditure identified - current (operational)	67 163 099	24 756 308
Add: Expenditure identified - current (capital)	1 766 202	-
Less: Amounts written off - prior period	(38 584 193)	-
Closing balance	<u>122 650 599</u>	<u>92 305 491</u>

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

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45. Unauthorised expenditure (continued)

The unauthorised expenditure was investigated and presented to MPAC and Council. Council approved the expenditure as valid expenditure on 30 August 2022 (council resolution no. EDCO 06/22/7.83 - 21/06/2022).

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

Employee related costs	816 424	-
Depreciation and amortisation	4 678 443	1 463 348
Impairment loss	36 918 472	3 598 898
Finance cost	529 238	-
Lease rentals on operating lease	382 519	55 069
Debt impairment	7 127 417	15 862 413
Bulk purchases	-	2 026 192
General expenses	105 739	1 750 388
Loss with disposal of assets and liabilities	14 894 756	-
Fair value adjustments	1 539 000	-
Actuarial loss	171 091	-
Infrastructure assets (Esikhaleni Project)	1 766 202	-
	<u>68 929 301</u>	<u>24 756 308</u>

Analysed as follows: cash

Employee related costs	816 424	-
Lease rentals on operating lease	382 519	55 069
Bulk purchases	-	2 026 192
General expenses	105 739	1 750 388
Infrastructure assets (Esikhaleni Project)	1 766 202	-
	<u>3 070 884</u>	<u>3 831 649</u>

Analysed as follows: non-cash

Depreciation and amortisation	4 678 443	1 463 348
Impairment loss	36 918 472	3 598 898
Finance cost (employee benefit liabilities)	529 238	-
Debt impairment	7 127 417	15 862 413
Loss with disposal of assets and liabilities	14 894 756	-
Fair value adjustment	1 539 000	-
Actuarial loss	171 091	-
	<u>65 858 417</u>	<u>20 924 659</u>

46. Fruitless and wasteful expenditure

Opening balance as previously reported	8 231 696	<u>8 193 966</u>
Opening balance as restated	<u>8 231 696</u>	8 193 966
Add: Expenditure identified - current	61 097	37 730
Less: Amount written off - prior period	(408 184)	-
Closing balance	<u>7 884 609</u>	<u>8 231 696</u>

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

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46. Fruitless and wasteful expenditure (continued)		
Expenditure identified in the current year include those listed below:		
	Disciplinary steps taken/criminal proceedings	
Interest on overdue creditors	Council to condone expenditure	
	61 097	37 730

Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 408 184 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable (resolution no. EDCO 06/22/7.83 - 21/06/2022).

47. Irregular expenditure

Opening balance as previously reported	57 147 458	41 092 949
Opening balance as restated	57 147 458	41 092 949
Add: Irregular expenditure - current	23 519 277	16 054 509
Less: Amount written off	(52 070 966)	-
Closing balance	28 595 769	57 147 458

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

Litigation cost	-	8 513 612
Three written quotations not invited	-	55 371
SCM process not followed	3 867 049	4 298 092
Surplus VIP gaurd salaries	2 187 839	-
Tax affairs not in order	10 923 340	-
Incorrect disqualification	1 869 218	-
Awards to person in the service of the state	1 135 060	2 316 203
Unjustifiable deviation	1 979 319	-
Bid committee non-compliance	943 214	871 231
No statement on municipal rates	228 673	-
Excess maximum threshold	385 564	-
	23 519 276	16 054 509

Amounts written-off

The irregular expenditure was investigated and presented to MPAC and Council. Council approved the expenditure as valid expenditure on 30 August 2022 (council reslution no. EDCO 06/22/7.83 - 21/06/2022).

48. Change in estimate

Property, plant and equipment

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

Other property, plant and equipment	54 765	-
Infrastructure	113	-
Total change in estimate for useful life of property, plant and equipment	54 878	-

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49. Prior year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior year adjustments:

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	4	7 966 982	2 388 984	10 355 966
Receivables from non-exchange transactions	4	22 272 247	711 917	22 984 164
Other receivables from exchange transactions	5	1 985 594	(1 765 041)	220 553
Property, plant and equipment	10	358 827 098	(30 318 033)	328 509 065
Payables from exchange transactions	13	(22 783 999)	(2 126 929)	(24 910 928)
Accumulated surplus (closing balance)		(381 066 324)	31 109 102	(349 957 222)
		<u>(12 798 402)</u>	<u>-</u>	<u>(12 798 402)</u>

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Service charges	20	(25 782 987)	(176 918)	(25 959 905)
Government grants and subsidies	24	(146 863 424)	7 051 824	(139 811 600)
Depreciation and amortisation	32	13 463 348	572 694	14 036 042
Impairment loss	33	3 598 898	7 708 077	11 306 975
Debt impairment	35	25 429 420	(1 203 040)	24 226 380
Surplus for the year		<u>(130 154 745)</u>	<u>13 952 637</u>	<u>(116 202 108)</u>

Errors

The following prior period errors adjustments occurred:

Pre-paid electricity sales recorded in the current year

During the current year pre-paid electricity sales were received and recorded, which pertained to the 2021 financial year. The adjustment was made retrospectively.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase (decrease) in Receivables from exchange transactions	306 051	306 051
(Increase) decrease in Accumulated surplus	(306 051)	-

Statement of financial performance

(Increase) decrease in Service charges	-	(306 051)
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49. Prior year adjustments (continued)		
Creditor paid in the current year, not previously recognised		
During the year a creditor was paid, which was not accounted for in the previous financial years. On investigation it was found that the creditor related to services received during the 2019 financial year. The adjustment was made retrospectively.		
The correction of the error results in adjustments as follows:		
Statement of financial position		
(Increase) decrease in Payables from exchange transactions	(405 986)	(405 986)
(Increase) decrease in Accumulated surplus	405 986	405 986
Provision for doubtful debt was overstated due to credit balances		
The provision for doubtful debt relating to the 2021 financial year was revisited based on an audit finding. During the recalculation it was found that the provision was overstated. The adjustment was made retrospectively.		
The correction of the error results in adjustments as follows:		
Statement of financial position		
(Increase) decrease in Receivables from exchange transactions	2 212 066	2 212 066
(Increase) decrease in Receivables from non-exchange transactions	711 917	711 917
(Increase) decrease in Payables from exchange transactions	(1 720 943)	(1 720 943)
(Increase) decrease in Accumulated surplus	(1 203 040)	-
Statement of financial performance		
Increase (decrease) in Debt impairment	-	(1 203 040)
Correction of the fixed asset register and property, plant and equipment balances		
Due to the findings issued during the audit of the 2021 financial year, management embarked on a process whereby all assets were verified and the necessary corrections were made to the asset register in an attempt to eliminate all material misstatements. The adjustment was made retrospectively.		
The correction of the error results in adjustments as follows:		
Statement of financial position		
(Increase) decrease in Property, plant and equipment	31 197 939	21 976 614
(Increase) decrease in Accumulated surplus	(31 197 939)	(31 197 939)
Statement of financial performance		
Increase (decrease) in Depreciation and amortisation	-	1 151 325
Increase (decrease) in Impairment losses	-	8 070 000

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Figures in Rand	2022	2021
49. Prior year adjustments (continued)		
Accounting for INEP grant receipts in accordance with GRAP 109		
GRAP 109 states that where a principal-agent arrangement exist, the assets related to such an arrangement be excluded from the accounting records of the agent. During the review of the fixed asset register it was discovered that certain assets being constructed on behalf of Eskom and which were funded through the INEP grant was incorrectly included in the financial records of the municipality. The adjustment was made retrospectively.		
The correction of the error results in adjustments as follows:		
Statement of financial position		
(Increase) decrease in Property, plant and equipment	(52 294 648)	(52 294 648)
(Increase) decrease in Accumulated surplus	52 294 648	46 183 378
Statement of financial performance		
(Increase) decrease in Grants and subsidies received	-	7 051 824
Increase (decrease) in Depreciation and amortisation	-	(578 631)
Increase (decrease) in Impairment losses	-	(361 923)
Correction of debtor accounts		
During the 2022 financial year the over-billing on a consumer account and previously recognised debtor accounts were investigated and corrected, which covered a period from 1 July 2020 to 30 June 2021. The adjustment was made retrospectively.		
The correction of the error results in adjustments as follows:		
Statement of financial position		
Increase (decrease) in Receivables from exchange transactions	(129 133)	(129 133)
Increase (decrease) in Other receivables from exchange transactions	(1 765 041)	(1 765 041)
(Increase) decrease in Accumulated surplus	1 894 174	25 620
Statement of financial performance		
(Increase) decrease in Service charges	-	129 133
50. Contingencies		
AfriForum		
The municipality was sued for not paying R14 885. AfriForum claimed at the time that they have repaired certain portion of the urban roads without the permission of the municipality and needed to be refunded. The municipality took a decision to defend itself.	14 885	14 885
	—	—
Guarantee with Eskom		
The municipality has a call account, which has a portion of guarantee withheld by the bank for the Eskom license guarantee. The amount for the guarantee is R530 000.	530 000	530 000
	—	—
MSN Investments		
The municipality has been sued by MSN Investments claiming that they were appointed by acting Municipal Manager verbally to continue working for council for the finalisation of the AFS. MSN Investment is claiming R78 906 for work done. The legal cost estimated was R50 000.	78 906	78 906
	—	—

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50. Contingencies (continued)		
Msibi		
The municipality has been sued by Msibi in dispute for her non-appointment for the advertised vacancy of Housing and Estate Manager. The municipality has responded to the summons.	45 700	-
Mgemfu Trading Projects		
The municipality has been sued by Mgemfu Trading Projects for the amount of R120 000, claiming that he was appointed to deliver 100 000 refuse bags for the municipality, R60 000 in respect to unpaid invoices for partial delivery of the aforesaid and R114 000 for loss of income as a result of the unlawful cancellation of the appointment.	120 000	-
MMSD Transport and General Services		
The municipality is being sued by MMSD Transport and General Services for loss of income claiming that he was appointed by the then acting Municipal Manager for the supply and delivery of wet fuel, for which those services were never utilized.	-	-
Maximum Profit Recovery		
The municipality is being sued by Maximum Profit Recovery for the deemed unlawful terms surrounding the advertisement and appointment of MBD consulting for the recovery of VAT.	500 000	-

51. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

It is the policy of the municipality to disclose information that enables the user of its annual financial statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial environment.

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51. Risk management (continued)

Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

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 sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Cash and cash equivalents:

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with ABSA Bank, First National Bank, Nedbank and Standard Bank.

Receivables from exchange and non-exchange transactions:

Receivables from exchange and non-exchange transactions are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

The application of section 118(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.

- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually.

eDumbe Local Municipality (KZN261)

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51. Risk management (continued)

- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity 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 in terms of the Credit Control and Debt Collection Policy.

Long-term receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment /discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with ABSA Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

Consumer debtors (included in Receivables from exchange and non-exchange transactions) comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer deposits are increased accordingly.

Long-term receivables and other debtors are individually evaluated annually at the reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial assets and Financial liabilities are detailed in the Credit Risk Management section of this note.

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52. Financial instruments disclosure		
Categories of financial instruments		
2022		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	8 945 994	8 945 994
Receivables from non-exchange transactions	24 058 993	24 058 993
Other receivables from exchange transactions	160 069	160 069
Other receivables from non-exchange transactions	1 979 690	1 979 690
Cash and cash equivalents	12 868 989	12 868 989
	<u>48 013 735</u>	<u>48 013 735</u>
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	23 749 470	23 749 470
VAT payable	961 857	961 857
Consumer deposits	238 644	238 644
Unspent conditional grants	10 600 000	10 600 000
	<u>35 549 971</u>	<u>35 549 971</u>
2021		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	10 355 966	10 355 966
Receivables from non-exchange transactions	22 984 164	22 984 164
Other receivables from exchange transactions	220 553	220 553
Other receivables from non-exchange transactions	1 254 618	1 254 618
VAT receivable	775 878	775 878
Cash and cash equivalents	9 815 026	9 815 026
	<u>45 406 205</u>	<u>45 406 205</u>
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	24 910 928	24 910 928
Consumer deposits	238 644	238 644
	<u>25 149 572</u>	<u>25 149 572</u>

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53. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	1 334 204	2 795 226
Current year membership expense	820 822	754 283
Amount paid - current year	(29 000)	(2 215 305)
Amount paid - previous years	(1 334 204)	-
	<u>791 822</u>	<u>1 334 204</u>
Audit fees		
Opening balance	259 472	17 200
Current year audit fee	1 860 819	1 793 778
Current year interest expense	73	1 033
Amount paid - current year	(1 860 892)	(1 535 339)
Amount paid - previous years	(259 472)	(17 200)
	<u>-</u>	<u>259 472</u>
Pension and medical aid fund deductions		
VAT		
VAT receivable	(961 825)	775 878

VAT output payables and VAT input receivables are shown in note 7.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
RC Gevers	2 781	1 057	3 838
ST Hlatshwayo	4 044	31 389	35 433
	<u>6 825</u>	<u>32 446</u>	<u>39 271</u>
30 June 2021			
30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SJ Kunene	164	24 629	24 793
RC Gevers	4 974	2 486	7 460
ST Hlatshwayo	3 332	28 130	31 462
	<u>8 470</u>	<u>55 245</u>	<u>63 715</u>

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Supply chain management regulations		
In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.		
Roga Motors		
The municipality currently does not have a licensed petrol bouser/filling station. The municipality operate on a 30 day payment terms. Roga is the only local service provider who agree to the terms on an as and when required basis.	-	1 168 507
Bell Equipment		
Our yellow plant is the product of Bell Equipment and they have proved to be the only reliable service provider to provide service repairs and maintenance to this plant.	-	170 549
UD Trucks Newcastle		
Our refuse contractor trucks are UD Trucks and they are currently the accredited service provider for repairs and maintenance to these trucks.	-	250 376
Anesco Toyota		
Strip and quote (impractical to follow SCM processes).	1 639 872	<u>33 892</u>
HSK Simpson and Partners		
Council resolved to appoint HSK Simpson and Partners to appoint consultants to execute necessary studies for establishment of eDumbe shopping centre.	-	115 819
Akunamuva Trading		
Appointed service provider Mabheloni fled from site. The municipality could not utilise numbers two and three in terms of the PPPFA ranking as evaluation report due to the following reasons: (1) Mchilobuvu has a poor performance record as he has previously absconded from site leaving work in progress; and (2) Nase Construction JV Zero-Hero had already been appointed for a project during the financial year and this posed a high risk of poor performance or non-compliance of the project. Akanamuva Trading ranked as number four in terms of the PPPFA evaluation scoring, considering timing of this incident going out on tender would delay the completion of this project and also pose risk of unspent grants.	-	1 511 923
Aneco Case (Pty) Ltd		
Strip and quote.	81 084	<u>65 573</u>
Syco Machinery		
Exclusive rights - only service provider licensed to calibrate vehicle testing machine.	-	<u>8 871</u>
Dlamindlovu Consulting Engineers and Project Managers		
We could not develop the scope of works due to the nature of the required works.	-	<u>1 308 950</u>

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Ayanda Mbanga Communications (Pty) Ltd		
Advertising service providers only respond to direct procurement. We therefore deviated from the process of formal written price quotations.	-	102 819
Isibani Sethu Enterprise		
Already started with the surveys.	600 000	-
Waphatha Group (Pty) Ltd		
Assessment and quote.	2 856 139	-
Provincial Panelbeaters CC		
Strip and quote.	44 795	-
Velezinhle Consulting and Projects (Pty) Ltd		
Emergency situation as service delivery was a priority.	260 000	-
For the following suppliers it was impracticable to follow the official procurement processes:		
Afrihost (e-mail account host)	13 520	9 804
Khuphukani Electrical CC (emergency situation)	74 256	-
Amathole Funerals (indigent burials, rotation basis dependant on availability)	-	5 900
Isulami Trading and Projects (emergency situation)	264 730	-
Philangwane Projects	230 946	-
Balju / Sheriff (court order)	141 471	-
Dotcom Africa (Pty) Ltd (direct advertising with the yellow pages)	-	68 310
Dumbe Funerals CC (indigent burials, local service provider with credit terms)	-	97 670
Findo Forestry and Construction (Pty) Ltd (strip and quote)	-	180 000
Government Printing Works (sole provider for gazetting of notices)	-	7 061
Kambula Electrical CC (emergency repairs)	141 746	455 000
Leadership Academy for Gaurdians of Governance (sole provider)	-	37 474
Lexis Nexis (subscriptions)	4 503	-
Igunundu Agency	71 200	-
South African Post Office (sole provider)	-	2 330
The Institute of Internal Auditors SA (sole provider)	-	15 673
	<u>942 372</u>	<u>879 222</u>
Lancet Laboratories		
Accredited laboratory to perform the kind of tests in this pandemic period.	-	391 850
Natal Spa		
The only service provider in the area with a conference facility large enough to accommodate the number of people attending, due to Covid-restrictions.	-	38 663
Northern Natal Body Works		
Strip and quote with an approved panelbeater.	-	18 230

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53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Cartime (Vryheid)		
Strip and quote.	27 475	-
Shosholoza Forestry		
The only service provider registered on our database who has the machinery to safely cut overgrown trees.	-	86 250
Sibeko Family Practitioner		
Licensed general practitioner selected by eDumbe Municipality to assist with a facilitating Covid-19 case counselling and result issueing.	-	82 900
Sikwayo Holdings (Pty) Ltd		
Accredited furnigators recommended by eDumbe Municipality to perform furnigation with on-job training for our disaster management staff.	-	948 188

54. Accounting by principals and agents

The municipality is party to principal-agent arrangements.

Details of the arrangements are as follows:

The municipality is the principal in the principal-agent arrangement with Conlog. Conlog undertakes pre-paid electricity sales through the use of third party vendors on behalf of the municipality.

The municipality is the agent in the principal-agent arrangement with the Department of Transport. The municipality is responsible for the issuing of vehicles and drivers licences on behalf of the department in exchange for commission of 8.55%.

The municipality is the agent in the principal-agent arrangement with Eskom, whereby the municipality was the implementing agent for INEP projects during the financial years ending 30 June 2021 and 2022.

The municipality acts as an agent for the KZN Department of Human Settlements in respect to housing agreements. Since the municipality only acts as an agent, no revenue has been recognised from the funding and no asset has been added to the asset register.

No significant judgements were applied in determining if the municipality was the principal or agent.

No changes have been made to the terms and conditions for the arrangements during the reporting period.

No significant risks and benefits associated with the arrangements have been identified.

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54. Accounting by principals and agents (continued)

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

The INEP funds were transferred to the municipality, which was responsible for the monitoring of the project and to make the necessary payments to the suppliers. Eskom acted as the principal as it instructed the municipality to act as the agent.

The corresponding infrastructure assets were transferred from the agent to the principal, including risks flowing to the entity as a result of its custodianship over the resources.

The municipality received grants' funding from KZN Department of Human Settlement amounting to R28 058 071 and the funding was spent in full by year end. Since the municipality only acts as an agent, no revenue was recognised from the funding and no asset was added to the asset register from the projects implemented.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R380 835 (2021: R320 600).

Expenses paid or accrued

Expenses paid or accrued on behalf of the principal(s) that have been recognised by the entity are:

- INEP: During the year the municipality incurred costs amounting to R9 454 553 (2021: R7 051 824) on behalf of Eskom in respect to the project expenditure.
- KZN Department of Human Settlement: The grants' funding received, totalling R28 058 071 (2021: R0), were spent in full and accounted for in terms of the project management appointment/relationship.

Entity as principal

Fee paid

Fee paid (inclusive of VAT) as compensation to the agent	482 030	416 468
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The municipality paid 4% commission and other administrative cost to Conlog for acting as the agent on its behalf during the financial year.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Resources under custodianship of the agent, nor have they been recognised as such. All resources provided to third party vendors are that of the agent and not the municipality. There is no direct recourse or cost implications for the principal if the principal-agent arrangement is terminated, however this will directly impact on the service delivery continuity and revenue generation negatively due to the reduction in service points.

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55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

The four major functional areas comprise of:

- Executive and council which includes the mayor and council; and municipal manager, town secretary and chief executive. Revenue is derived through grants that are allocated to the department.
- Finance and administration which includes administrative and corporate support; asset management; finance; information technology; and legal services. The department derive revenue through a number of sources, which includes property rates; service charges; grants and subsidies received; licences and permits; and other income.
- Community and social services which includes aged care; animal care and diseases; community halls and facilities; disaster management; fire fighting and protection; police force, traffic and street parking control; libraries and archives; recreational facilities; economic development; regional planning and development; town planning building regulations and enforcement; and road and traffic regulation. Grants and subsidies are allocated to the department, and in addition to this, the department furthermore generates income through other income, service charges and public contributions and donations received.
- Technical services which includes energy sources (electricity); and solid waste removal. The department's main source of revenue is service charges, with less significant revenue generated by rental of facilities and equipment. In addition to the aforementioned, government grants and subsidies is allocated to the department.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Management does not monitor performance geographically and does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

The surplus or deficit for each reported segment is calculated by subtracting the segmental expenditure from the segmental revenue. The assets and liabilities per segment is measured in accordance with the accounting policies and no adjustment has been made to the method of measurement.

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55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Executive and council	Finance and administration	Community and social services	Technical services	Total
Revenue					
Revenue from non-exchange transactions	12 357 300	58 029 419	58 962 702	73 957 147	203 306 568
Revenue from exchange transactions	19 374	9 181 718	1 773 987	22 890 578	33 865 657
Interest revenue	-	8 440 878	-	-	8 440 878
Fair value adjustment	-	1 539 000	-	-	1 539 000
Actuarial gain	-	171 091	-	-	171 091
Total segment revenue	12 376 674	77 362 106	60 736 689	96 847 725	247 323 194
Municipality's revenue					247 323 194
Expenditure					
Salaries and wages	15 086 746	27 576 307	20 052 770	16 387 255	79 103 078
Other expenses	5 205 266	8 457 867	661 775	3 910 352	18 235 260
Depreciation and amortisation	-	16 441 560	-	-	16 441 560
Interest expense	-	1 262 097	467 141	-	1 729 238
Repairs and maintenance	-	34 344	-	8 420 450	8 454 794
Impairment losses	-	36 918 472	-	-	36 918 472
Debt impairment	-	17 667 613	-	-	17 667 613
Bulk purchases	-	-	-	36 000 303	36 000 303
Contracted services	337 633	10 831 741	1 876 646	2 829 704	15 875 724
Loss on disposal of assets and liabilities	-	14 894 756	-	-	14 894 756
Total segment expenditure	20 629 645	134 084 757	23 058 332	67 548 064	245 320 798
Total segmental surplus/(deficit)					2 002 396
Assets					
Segment assets	47 191 073	237 068 971	77 854 236	50 596 089	412 710 369
Total assets as per Statement of financial position					412 710 369
Liabilities					
Segment liabilities	-	(26 791 731)	-	(33 858 639)	(60 650 370)
Total liabilities as per Statement of financial position					(60 650 370)
Other information					
Capital expenditure		435 456	1 449 258	43 080 081	43 448 460
Non-cash items excluding depreciation and amortisation					
Non-cash revenue (included above)		-	(14 894 756)	1 539 000	-
Non-cash expenses (included above)		248 139	(15 922 664)	110 919	558 776
Cash flows from operating activities		(8 252 970)	2 576 078	(1 425 719)	55 399 660
Cash flows from investing activities		(435 456)	(1 217 713)	(5 534 870)	(43 448 460)

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55. Segment information (continued)

2021

	Executive and council	Finance and administration	Community and social services	Technical services	Total
Revenue					
Revenue from non-exchange transactions	13 059 720	78 785 391	18 296 827	60 813 756	170 955 694
Revenue from exchange transactions	5 447 806	1 491 935	3 631 080	18 721 394	29 292 215
Interest revenue	-	1 282 897	-	-	1 282 897
Fair value adjustment	-	170 000	-	-	170 000
Total segment revenue	18 507 526	81 730 223	21 927 907	79 535 150	201 700 806
Municipality's revenue					201 700 806
Expenditure					
Salaries and wages	11 778 781	23 274 735	18 992 431	15 098 711	69 144 658
Other expenses	4 829 343	6 192 498	1 381 880	919 824	13 323 545
Depreciation and amortisation	-	14 036 042	-	-	14 036 042
Interest expense	-	1 202 802	-	-	1 202 802
Repairs and maintenance	-	810 902	-	13 657 474	14 468 376
Impairment losses	-	11 306 974	-	-	11 306 974
Debt impairment	-	24 226 380	-	-	24 226 380
Bulk purchases	-	-	-	33 045 560	33 045 560
Contracted services	203 141	14 930 225	2 445 576	2 454 700	20 033 642
Actuarial loss	-	223 773	-	-	223 773
Total segment expenditure	16 811 265	96 204 331	22 819 887	65 176 269	201 011 752
Total segmental surplus/(deficit)					689 054
Assets					
Segment assets	147 149	108 583 117	73 364 770	209 452 799	391 547 835
Total assets as per Statement of financial position					391 547 835
Liabilities					
Segment liabilities	(30 611 600)	(1 399 088)	(9 479 582)	-	(41 490 270)
Total liabilities as per Statement of financial position					(41 490 270)
Other information					
Capital expenditure (excluding additions to financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts)		-	1 250 799	1 909 052	35 738 730
Non-cash items excluding depreciation and amortisation					
Non-cash revenue (included above)		-	170 000	-	-
Non-cash expenses (included above)		53 612	33 552 493	491 048	(35 898)
Cash flow from operating activities		1 696 261	6 306 697	(913 614)	18 422 364
Cash flow from investing activities		-	(2 240 277)	(1 089 574)	(37 405 188)

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56. In-kind donations and assistance

No in-kind donations and assistance were received during the year under review.

57. Events after the reporting date

After the financial year end, bad weather resulted in assets being damaged. As this is an event after reporting date, the asset conditions will be assessed in the next financial year and the resulting impairment losses will be accounted for in the following year's financial results.

58. Budget differences

Material differences between budget and actual amounts

The reasons for the material differences (in excess of 10%) between the budget and actual amounts is attributed to the following:

Statement of financial performance:

1. Service charges: The municipality has an approved policy that allows indigent households with residential values of R110 000 or less not to be billed. In addition to the aforementioned, the municipality embarked on a process to recover outstanding debt by providing discount on debtor current accounts.
2. Rental of facilities and equipment: Management expected more revenue to be generated through rental of land and premises, which did not occur.
3. Licences and permits: Less revenue generated as expected, which is directly linked to the economic pressure being experienced by the community of the municipality.
4. Other income: Management over-budgeted for other income as it planned to open revenue sources to boost its revenue.
5. Interest received on outstanding debtors: Although included in the budget, the actual results were not in line with managements' expectation.
6. Interest received on external investments: The decrease in the municipality's bank balances resulted in the target amount not being reached.
7. Property rates - imposed penalties: Budget included in the Interest received on outstanding debtors.
8. Public contributions and donations: The municipality received a library, which it did not budget for. In accordance with the Standards of GRAP, the donation is recognised in its profit and loss.
9. Employee related costs (personnel): Due to the increase in the employee benefit liabilities. In the previous year the increase was insignificant as the Covid-19 pandemic limited growth.
10. Depreciation and amortisation: Management based their budgeted figure on the results of previous financial years. Due to an increase in the municipal expenditure and completed assets, the depreciation expense increase more than expected.
11. Impairment loss (reversal): Non-cash flow item not budgeted for as no impairment of fixed assets were expected.
12. Finance cost: The movement in the Employee benefit liabilities are based on actuarial valuations. Management included the budgeted figure based on their best estimate.
13. Lease rental in operating lease: Budget included in general expenses.
14. Debt impairment. Due to non-payment of consumers, the movement in the provision for impairment of consumer debtors increased significantly. In addition to this, management wrote off a significant portion of outstanding debt in an attempt to boost recoveries.
15. Grants paid: Grants paid were budgeted separately, but no grants and subsidies transferred occurred during the year.

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58. Budget differences (continued)

16. General expenses: If the grants paid and inventory consumed budgeted figures are taken into consideration, there is no significant fluctuation.
17. Inventory consumed: Although budgeted for separately, this is classified as general expenses and included as such.
18. Fair value adjustment: Not budgeted for by management.
19. Actuarial gains (losses): This is part of the movement due to the actuarial valuation conducted on the employee benefit obligations, and was therefore budgeted for as part of the employee related costs.

Statement of financial position:

20. Inventory: More inventory was consumed as expected.
21. Other receivables from exchange transactions: Management over-budgeted for other income as it planned to open avenues to boost its revenue. The increase in the other income would have resulted in the increase in the other receivables.
22. Other receivables from non-exchange transactions: Represented by fines issued during the year, but not paid or provided for. Management expected to recover all funds.
23. VAT receivable (payable): Municipality did not budget for any outstanding VAT receipts at yearend.
24. Cash and cash equivalents: Management's expectation was that it would not be able to generate sufficient cash for the year through its operations.
25. Intangible assets: Due to the amortisation expense being recognised every year.
26. Heritage assets: Immaterial assets and asset balances.
27. Payables from exchange transactions: Due to cash flow constraints, the municipality was not able to settle its creditors by year end.
28. Employee benefit obligations: Not included in the budget.
29. Unspent conditional grants: Due to funds being transferred to the municipality at a late stage in the year, which could not be utilised.
30. Provisions: Management included the budgeted balance based on their best estimate, which were materially different to the actual results.
31. Accumulated surplus: The material difference is the combined result of all listed reasons.

Cash flow statement:

32. The net decrease in the cash and cash equivalent balances is mainly attributable to:
 - Material increase in spending due to operations returning to a more normal basis after the Covid-19 restrictions that had a significant effect on the previous year.
 - Although budgeted for, no finance cost were incurred as the municipality does not have any finance obligations.
 - The capital expenditure was materially more than was expected.

59. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of R 351 959 614 and that the municipality's total assets exceed its liabilities by R 352 059 962.

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59. Going concern (continued)

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This

basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management considered the following matters relating to the going concern assumption:

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The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This

basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

- The municipality's budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

- As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

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The ability of the municipality to continue as a going concern is dependant on a number of factors. The most significant

of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality is currently not experiencing financial difficulties. Indicators of the municipality's sound financial position

are:

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Surplus of R2 002 396 (2021: R689 054) was realised and government grants and subsidies contributed R133 636 447

(2021: R139 811 600).

- The municipality's unspent conditional grants for the current year amounted to R10 600 000 (2021: R0). This is an indication that monies received are utilised for the specific projects under construction.

- The creditors were paid within 30 days as required by the MFMA.

- Debt collection period has improved during the current financial year.
- The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets should be impaired (GRAP 104). A provision for doubtful debt amounting to R144 691 230 (2021: R130 087 686) has been disclosed in the financial statements.
- As at 30 June 2022 the municipality's current liabilities amounted to R35 940 996 (2021: R25 540 270), whilst the current assets amounted to R48 062 528 (2021: R45 496 905).
- The current and acid test ratios are above the required ratio of 1.34:1 and 1.34:1, respectively.

Management have considered the risks, but based on their evaluation of the following mitigating factors have concluded that the going concern assumption is appropriate for the following 12 months:

- The eDumbe Local Municipality is a municipality within the local government sphere. Currently, in the municipal environment, municipalities within South Africa rely heavily on government's financial assistance through the provision of grants. For the 2023 financial year, the allocated Equitable Share allocation amounts to R86 186 000 and the Financial Management Improvement Grant to R3 000 000.
- No intention by government has been identified that indicates the discontinuing of financial assistance through the provision of government grants. The DoRA and the Division of Revenue Bill, 2021 furthermore disclosed government's proposed allocation of the 2023 and 2024 financial years. This is evidence of government's continued financial support to be provided to the municipality for the following 36 months.
- The municipality has not been placed under administration for the 12 months ending 30 June 2022.

Auditor-General of South Africa

eDumbe Local Municipality

Audit Report for the year ended 30
June 2022

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council of eDumbe Local Municipality

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the eDumbe Local Municipality set out on pages 220 to 305, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the eDumbe Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (SA standards on GRAP) and the requirements of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No.9 of 2021) (Dora).

BASIS FOR OPINION

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

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at and for the year ended 30 June 2022.

MATERIAL IMPAIRMENTS – CONSUMER DEBTORS AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

8. As disclosed in note 4 to the financial statements, a material impairment allowance of R144,65 million (2020-21: R130,09 million) was raised against consumer receivables due to poor collection practices and a history of poor debtor payments.
9. As disclosed in note 6 to the financial statements, a material impairment allowance of R17,29 million (2020-21: R14,77 million) was raised against other receivables from non-exchange transactions due to poor collection practices and a history of poor debtor payments.

MATERIAL LOSSES – ELECTRICITY

10. As disclosed in note 36 to the financial statements, material electricity losses of R2,06 million (2020-21: R6,60 million) was incurred, which represents 6% (2020-21: 21%) of total electricity purchased. Losses were as a result of illegal connections and other technical losses.

OTHER MATTER

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

UNAUDITED DISCLOSURE NOTES

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

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the Basic service delivery and infrastructure development key performance area presented on pages 176 to 219 of the municipality's annual performance report for the year ended 30 June 2022.
20. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate, and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for KPA 2 - Basic service delivery and infrastructure development.

OTHER MATTERS

22. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

23. Refer to the annual performance report on pages 176 to 219 for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

26. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of unauthorised expenditure, segment reporting, receivables from exchange transactions and cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

28. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

29. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

30. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

EXPENDITURE MANAGEMENT

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R23,52 million as disclosed in note 47 to the annual financial statements, as required by section

62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by SCM processes not being followed and unjustifiable deviations.

32. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R68,93 million, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the approved budget.

OTHER INFORMATION

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report, and the selected key performance area presented in the annual performance report that has been specifically reported in this auditor's report.

34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

37. I considered internal control relevant to my audit of the financial statements, reported performance information, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

38. The accounting officer did not exercise adequate oversight responsibility over internal controls relating to financial and performance reporting as well as compliance with key laws

and regulations. This was evidenced by the misstatements identified during the audit process and subsequently corrected.

39. Senior management did not ensure that sufficient monitoring controls were in place to prevent non-compliance with applicable laws and regulations.

40. Senior management did not implement thorough review processes over financial and performance reporting. This resulted in inaccurate reporting as evidenced by the quality of the financial statements and annual performance report.

Auditor - General

Peitermaritzburg

15 December 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional skepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the eDumbe Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.