

ETHEKWINI MUNICIPALITY
AND IT'S MUNICIPAL ENTITIES
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 91, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Durban

27 September 2011

eThekwini Municipality

Annual Financial Statements for the year Ended 30 June 2011

INDEX

The reports and statements below comprise the annual financial statements presented to the councillors:

INDEX	PAGE
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 19
Notes to the Annual Financial Statements	20- 66
APPENDIX A: Segmental Analysis of Property, Plant and Equipment	67
APPENDIX B: Segmental Statement of Financial Performance	68
APPENDIX C(1): Actual versus Budget (Revenue and Expenditure)	69-70
APPENDIX C (2) : Actual versus Budget (Acquisition of Property ,Plant and Equipment)	71
APPENDIX D: Disclosures of Grants and Subsidies in terms of the Municipal Finance Management Act.	72

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

INDEX

ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GAAP	Generally Accepted Accounting Practice
MFMA	Municipal Finance Management Act
HDF	Housing Development Fund
CRR	Capital Replacement Reserve
COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
PPE	Property Plant and Equipment
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DBSA	Development Bank of South Africa
IMFO	Institute of Municipal Finance Officers
MIG	Municipal Infrastructure Grant (previously CMIP)
MEs	Municipal Entities
SALA	South African Local Authority Pension Fund
INK	Inanda Ntuzuma KwaMashu
D' MOSS	Durban Metropolitan Open Space System
ABM	Area Based Management
DANIDA	Danish International Development Agency

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

MUNICIPAL MANAGER'S REPORT

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

Figures in Rand thousand	Note(s)	Group		Municipality	
		2011	2010	2011	2010
NET ASSETS AND LIABILITIES					
NET ASSETS					
Housing development fund	2	278,807	341,225	278,807	341,225
Accumulated Surplus		23,206,847	20,930,275	22,639,874	20,351,358
		23,485,654	21,271,500	22,918,681	20,692,583
LIABILITIES					
Non-Current Liabilities					
Long-term liabilities	3	9,516,575	8,242,350	9,418,040	8,150,386
Non-current provisions	4	255,950	263,376	255,950	263,376
Retirement benefit obligations	5	1,610,806	1,634,468	1,610,806	1,634,468
		11,383,331	10,140,194	11,284,796	10,048,230
Current Liabilities					
Deposits	6	958,255	807,433	936,733	789,263
Current portion of Retirement benefit obligations	5	137,356	140,874	137,356	140,874
Current provisions	4	35,672	34,195	33,018	31,528
Creditors	7	4,441,190	4,705,860	4,443,134	4,707,289
Unspent conditional grants and receipts	8	664,903	622,668	664,903	622,668
Bank overdraft	9	542,364	379,843	542,364	379,843
Current portion of long-term liabilities	3	693,376	524,974	692,416	524,300
		7,473,116	7,215,847	7,449,924	7,195,765
Total Liabilities		18,856,447	17,356,041	18,734,720	17,243,995
Total Net Assets and Liabilities		42,342,101	38,627,541	41,653,401	37,936,578
ASSETS					
Non-Current Assets					
Biological Assets	47	36	-	-	-
Property, plant and equipment	10	31,914,387	29,628,170	30,807,310	28,464,851
Intangible assets	11	348,065	330,298	347,001	328,648
Investment properties	12	383,710	403,204	263,305	267,141
Investments in municipal entities	13	-	-	674,204	724,499
Investment in joint venture	15	-	-	70,610	137,089
Long-term Receivables	17	282,442	276,767	282,442	276,767
Deferred Revenue		7,515	5,204	-	-
		32,936,155	30,643,643	32,444,872	30,198,995
Current Assets					
Inventories	18	216,592	229,225	211,406	224,145
Investments	14	2,450,000	327,044	2,450,000	327,044
Consumer debtors	19	2,573,941	2,219,666	2,569,788	2,219,123
Debtors	20	2,753,845	2,871,426	2,729,149	2,743,461
VAT	22	39,216	351,619	42,182	375,850
Current portion of Long-term Receivables	17	5,962	27,254	5,962	27,254
Call investment deposits	21	742,275	1,528,005	650,504	1,430,751
Bank balances and cash	9	624,115	429,659	549,538	389,955
		9,405,946	7,983,898	9,208,529	7,737,583
Total Assets		42,342,101	38,627,541	41,653,401	37,936,578

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	Group		Municipality	
		2011	2010	2011	2010
Revenue		18,049,538	17,130,532	18,010,316	17,082,141
Property rates	23	4,056,102	3,971,889	4,073,638	3,979,179
Property rates - penalties imposed and collection		81,854	150,210	81,854	150,210
Service charges	24	9,891,652	7,862,993	9,917,959	7,863,974
Rental of facilities and equipment		435,775	397,435	355,545	343,343
Fines		110,209	80,143	110,209	80,143
Licences and permits		29,640	28,109	29,640	28,109
Grants and subsidies	25	2,590,929	3,733,289	2,590,929	3,733,257
Public contributions and donations		12,711	34,516	9,876	31,978
Housing: Development Income		840,666	871,948	840,666	871,948
Other income		2,063,715	1,849,846	1,870,235	1,664,689
Other income	26	1,744,129	1,428,218	1,557,141	1,260,844
Interest earned - external investments		133,666	201,693	125,809	187,933
Interest earned - outstanding debtors		85,955	106,134	85,955	101,913
Gains on disposal of property, plant and equipment		48,851	78,943	48,655	78,943
Reversal of Impairment - PPE		3,576	-	3,576	-
Reversal of Loss on Impairment of Loans		-	-	1,561	198
Fair value adjustments	27	47,538	34,858	47,538	34,858
Total Revenue		20,113,253	18,980,378	19,880,551	18,746,830
Expenditure					
Employee related costs	28	4,924,241	4,633,632	4,822,931	4,540,518
Remuneration of councillors	29	77,919	73,969	77,919	73,969
Bad debts		324,980	574,189	324,315	572,984
Depreciation - Property, Plant and Equipment	10	1,395,536	1,160,212	1,326,977	1,094,060
Amortisation of intangible assets	11	98,345	95,079	97,043	94,132
Repairs and maintenance		1,230,305	1,982,267	1,215,007	1,965,682
Finance costs	30	692,195	484,290	687,345	480,942
Bulk purchases	31	5,495,517	4,531,944	5,495,517	4,531,944
Contracted Services		889,158	830,311	874,755	817,435
Grants and subsidies paid	32	132,121	139,488	142,621	149,977
Housing: Development Expenditure		840,666	871,948	840,666	871,948
General expenses	33	1,792,680	1,648,601	1,688,214	1,526,998
Loss on disposal of property, plant and equipment		653	56,050	105	56,000
Depreciation - Investment Properties	12	4,325	3,932	1,805	1,829
Loss on Impairment of Investment in Municipal Entity		-	-	62,296	2,889
Impairment Loss - Property, Plant and Equipment		458	46,996	458	46,488
Fair value adjustment	27	-	65,848	-	65,848
Total Expenditure		17,899,099	17,198,756	17,657,974	16,893,643
Operating surplus		2,214,154	1,781,622	2,222,577	1,853,187
Share of Income from Joint Venture		-	-	3,521	5,238
Surplus for the year		2,214,154	1,781,622	2,226,098	1,858,425

Refer to Appendix C for comparison with the approved budget

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated Surplus	Net Assets
Group			
Opening balance as previously reported	495,012	19,120,437	19,615,449
Adjustments:			
Prior year adjustments (prior to 2009/10)		(125,572)	(125,572)
Balance at 01 July 2009 as restated	495,012	18,994,865	19,489,877
Transfer to Housing Development Fund	(202,787)	202,787	-
Surplus for the year as previously reported		1,927,930	1,927,930
Opening balance as previously reported	292,225	21,125,582	21,417,807
Prior year adjustments (2009/10)	49,000	(195,307)	(146,307)
Balance at 01 July 2010 as restated	341,225	20,930,275	21,271,500
Transfer to Housing Development Fund	(62,418)	62,418	-
Surplus for the year		2,214,154	2,214,154
Balance at 30 June 2011	278,807	23,206,847	23,485,654

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated Surplus	Net Assets
Municipality			
Opening balance as previously reported	495,012	18,452,171	18,947,183
Adjustments:			
Prior year adjustments (prior to 2009/10)		(113,026)	(113,026)
Balance at 01 July 2009 as restated	495,012	18,339,145	18,834,157
Transfer to Housing Development Fund	(202,787)	202,787	-
Surplus for the year as previously reported		2,002,211	2,002,211
Opening balance	292,225	20,544,143	20,836,368
Adjustments:			
Prior year adjustments (2009/10)	49,000	(192,785)	(143,785)
Balance at 01 July 2010 as restated	341,225	20,351,358	20,692,583
Transfer to Housing Development Fund	(62,418)	62,418	-
Surplus for the year		2,226,098	2,226,098
Balance at 30 June 2011	278,807	22,639,874	22,918,681

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

Figures in Rand thousand	Note(s)	Group		Municipality	
		2011	2010	2011	2010
Cash flows from operating activities					
Cash receipts from ratepayers, government and other		19,221,144	17,317,450	19,093,283	16,963,998
Cash paid to suppliers and employees		(15,151,327)	(14,573,483)	(15,102,834)	(14,247,929)
Cash generated from operations	34	4,069,817	2,743,967	3,990,449	2,716,069
Interest income		219,621	303,606	211,764	289,846
Finance Costs		(692,195)	(484,290)	(687,345)	(480,942)
Net cash from operating activities		3,597,243	2,563,283	3,514,868	2,524,973
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(3,680,621)	(6,472,780)	(3,667,625)	(6,436,730)
Proceeds on disposal of property, plant and equipment, Investment properties and Intangible assets	10,11&12	92,568	91,283	79,105	103,521
Increase in investment properties	12	-	(31,617)	-	-
Purchase of other intangible assets	11	(109,353)	(67,289)	(108,637)	(66,311)
Increase in current investments		(2,122,956)	2,076,749	(2,122,956)	2,111,607
Increase in non current investments		-	323,179	-	288,321
Purchase of biological assets	47	(36)	-	-	-
Increase in Loans to Municipal Entities		-	-	-	198
(Increase) / decrease in non-current receivables		26,730	30,419	26,730	21,685
Increase in Investment in Municipal Entities		-	-	(10,440)	(19,999)
Decrease in Joint Venture loan account		-	-	70,000	25,000
Net cash from investing activities		(5,793,668)	(4,050,056)	(5,733,823)	(3,972,708)
Cash flows from financing activities					
Loans repaid		(564,194)	(290,581)	(564,230)	(295,635)
New loans raised		2,006,824	2,900,373	2,000,000	2,900,000
Net cash from financing activities		1,442,630	2,609,792	1,435,770	2,604,365
Total cash movement for the year		(753,795)	1,123,019	(783,185)	1,156,630
Cash at the beginning of the year		1,577,821	454,802	1,440,863	284,233
Total cash at end of the year	9	824,026	1,577,821	657,678	1,440,863

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Directives issued and effective:

- Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
- Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
- Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.
- Directive 4: Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP.

Interpretations of the Standards of GRAP

IGRAP Applying the Probability Test on Initial Recognition of Exchange Revenue.

Approved guidelines of Standards of GRAP:

Guide 1 Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSAS's considering the provisions in paragraphs .15 to .19 of the Directive:

IPSAS 20 Related Party Disclosures

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 3 (AC 140) Business Combinations
IFRS 4 (AC 141) Insurance Contracts
IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102) Income Taxes

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

ISIC - 21 (AC 421) Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
SIC - 29 (AC 429) Service Concession Arrangements - Disclosures
IFRIC 4 (AC 437) Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 442) Reassessment of Embedded Derivatives
IFRIC 12 (AC 445) Service Concession Arrangements
IFRIC 13 (AC 446) Customer Loyalty Programmes
IFRIC 15 (AC 448) Agreements for the Construction of Real Estate
IFRIC 17 (AC 450) Distributions of Non-cash Assets to Owners
IFRIC 18 (AC 451) Transfer of Assets from Customers

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date, that have been early adopted by the Municipality:

GRAP 21 Impairment of Non-cash-generating Assets
GRAP 25 Employee Benefits
GRAP 26 Impairment of Cash-generating Assets
GRAP 104 Financial Instruments GRAP 25 Employee Benefits

Standard of GRAP used to interpret the requirements of other Standards of GRAP:
GRAP 24 Presentation of Budget Information in Financial Statements

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

1.1 Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality, Joint Venture and the Transport Authority.

On acquisition, the assets and liabilities of a entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality and its entities.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.4 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting – issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

GRAP 23: Revenue from Non-Exchange Transactions (Taxes and Transfers) – issued February 2008:

Non-exchange transactions in which the entity receives services without directly giving approximately equal value in exchange, has not been accounted for as revenue. These transactions are minimal and are considered immaterial. Refer to paragraph 1.18.2 for compliance in current year.

GRAP 24: Presentation of Budget Information in Financial Statements – issued November 2007:

Compliance with this standard would have had an effect on the presentation only. The budget information is currently disclosed in the appendices.

GRAP 103: Heritage Assets – issued July 2008:

Compliance with this standard will not have an impact on the current financial information as the recognition and measurement requirements of the standard have already been adopted.

1.5 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.6 Investment properties

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of the retirement or disposal.

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

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made when and only when there is a change in use.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Property - land	indefinite
Property - buildings (2009: 30 years)	10 - 80 years

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.7 Property, plant and equipment

Initial Recognition

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.

Land is not depreciated as it is deemed to have an indefinite life.

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.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation and Impairment:

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for use. The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
Infrastructure	
• Rivers and Coastal Engineering	20 - 80 years
• Roads and Motorways	20 - 80 years
• Economic Development	20 years
• Traffic Equipment	10 - 80 years
• Stormwater Drainage	20 - 80 years
• Airport Infrastructure	15 - 80 years
• Solid Waste	3 - 30 years
• Water and Sanitation	20 - 80 years
• Major Substations: Buildings	30 - 50 years
• Transformers and Related Equipment	30 - 45 years
• Mains	30 - 55 years
• Street Lighting	20 - 30 years
• Conventional and Prepaid Metering	15 - 25 years
Community	
• Buildings	20 - 80 years
• Recreational Facilities	10 - 80 years
Other property, plant and equipment	
• Buildings	20 - 80 years
• Markets and Informal Markets	15 - 30 years
• Fire Engines	20 years
• Landfill Sites	3 - 30 years
• Car Parks	15 years
• Fencing	20 years
• Lifts (2010: 10 years)	20 years
• Building Improvements	10 years
• Heavy and Mobile Plant	7 - 10 years
• Furniture and fittings	7 years
• Vehicles	5 years
• Bins and containers	5 years
• Plant – General	5 years
• Security Systems	5 - 15 years
• Office equipment	5 - 7 years
• Airconditioning	5 - 15 years
• Public Address Systems	15 years
• Turnstiles	15 years

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

• Electrical	20 years
• Mechanical	20 years
• Hostels	20 - 80 years
• Library Books	5 - 10 years
• Other items of Plant and Equipment (2010: 5 - 7 years)	3 - 5 years

All assets are considered to have a nil residual value.

In the prior years the acquisition costs of library books were expensed. In the current year the Municipality changed its policy. Library books are capitalized on acquisition in the current year. Comparative information has been restated to reflect the retrospective application of the change in accounting policy.

Derecognition:

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 1.16 on Provisions.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.8 Intangible assets

Initial Recognition.

Intangible assets are initially recognised at cost and comprise of software and servitudes.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale.
- it is technically feasible to complete the intangible asset.
- the municipality has the resources to complete the project.
- it is probable that the municipality will receive future economic benefits or service potential.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Rights consist of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude is granted for an indefinite period.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.8 Intangible assets (continued) Amortisation and Impairment

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight line method as follows :-.

Computer Software 5 - 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition:

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 Impairment of Cash-generating and Non-cash-generating assets

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

1.10 Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value.

Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Loans to (from) municipal entities

These include loans to municipal entities and recognised at cost.

An impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Debtors

Debtors are recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.10 Financial instruments (continued)

Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

1.11 Investments

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

The Municipality classifies its investments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. Investments held for less than 12 months are not fair-valued.

1.11.1 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

In the current year investments are carried at cost which represents the fair value of the investments as all investments have a maturity date less than 12 months.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.12 Investments in municipal entities

Group annual financial statements

The group annual financial statements include those of the municipality and its municipal entities. The results of the municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the municipal entities's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipal annual financial statements

In the municipality's separate annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

1.13 Investment in joint venture

Group annual financial statements

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, income and expenses of the investment is combined line by line with similar items in the group annual financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

Municipal annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The Municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

1.14 Inventories

Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Subsequent Measurement

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.16 Provisions

Provisions are recognised when:

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

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

1.17 Retirement Benefits

1.17.1 Defined contribution plans

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

1.17.2 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 95% of staff.

The Durban Pension Fund is a defined benefit fund and is actuarially valued on an interim basis each year with a statutory valuation undertaken every three years.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.17 Retirement Benefits (continued)

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations are spread to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Durban Marine Theme Park (Proprietary) Limited reimburses uShaka Management (Pty) Ltd for the cost of the Provident Fund maintained by it for staff who work at uShaka Marine World. All such staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C. Durban (Proprietary) Limited are members of the I.C.C. Pension Fund which is a defined contribution fund.

1.17.3 Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income in the year that they arise.

1.18 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.18 Revenue (continued)

rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Durban Marine Theme Park (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt. All other revenue is recognised as it accrues.

All other revenue is recognised as it accrues.

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.19 Grants, transfers and donations

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.20 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases – The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.21 Tax

Deferred income tax

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

Deferred income tax, with respect to Municipal entities, is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

1.22 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.24 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1.25 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.26 Comparatives Information

1.26.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

1.26.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.27 Long Service Awards

Provision for long service awards represents the present value of the estimated future cash outflows to be made by the Municipality resulting from employee services provided up to Statement of Financial position date. The provision comprises amounts that the Municipality has a present obligation to pay resulting from employees services provided up to Statement of Financial position date.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
2. HOUSING DEVELOPMENT FUND				
Housing Development Fund				
Accumulated Surplus	11,828	74,246	11,828	74,246
Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,979
Total	278,807	341,225	278,807	341,225
The Housing Development Fund is represented by the following assets and liabilities:				
Property, plant and equipment	10 74,503	77,859	74,503	77,859
Housing selling scheme loans	130,761	139,621	130,761	139,621
Housing rental Debtors	34,053	31,342	34,053	31,342
Housing other Debtors	6,121	24,187	6,121	24,187
Housing inventory	137	136	137	136
Investments	12,398	98,501	12,398	98,501
Investment properties	17,544	17,909	17,544	17,909
Bank and cash	92,130	54,009	92,130	54,009
Intangible Assets	9	9	9	9
Sub-total	367,656	443,573	367,656	443,573
Long-term liabilities	(391)	(467)	(391)	(467)
Unspent Conditional Grants	(58,754)	-	(58,754)	-
Creditors	(9,885)	(82,062)	(9,885)	(82,062)
Government Grant Reserve	(19,819)	(19,819)	(19,819)	(19,819)
Total Housing Development Fund Assets and Liabilities	278,807	341,225	278,807	341,225

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
3. LONG-TERM LIABILITIES				
Annuity Loans	10,114,553	8,656,418	10,110,256	8,651,486
Non Annuity Loans	-	23,000	-	23,000
Debentures and Local Registered Stock Loans	95,398	87,906	200	200
Sub-total	10,209,951	8,767,324	10,110,456	8,674,686
Current portion of long term liabilities				
Annuity Loans	693,376	501,974	692,416	501,300
Non Annuity Loans	-	23,000	-	23,000
Sub-total	693,376	524,974	692,416	524,300
Non-current liabilities				
Long term Portion	9,516,575	8,242,350	9,418,040	8,150,386

The fair value of all long term loans approximates their book values.

Refer to Note 52 for more detail on long-term liabilities.

Nil (2010: R27m) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See note 35 for more detail.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

DBSA Phase 5 of R300m is separately secured by a cession of an acceptable revenue stream of R15 million p.a. as security .

AFD Calyon of R58.7m is separately secured by a cession of carbon credit income in the event of default or non-payment. The income is estimated to be R9.9m to the year 2013.

Ushaka:Debentures:

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue. On redemption the debenture capital is repayable in three equal annual tranches during 2017, 2018 and 2019.

All other loans are unsecured.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

4. PROVISIONS

Reconciliation of provisions - Group - 2011

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Long service awards	7,792	1,591	(806)	8,577
Performance bonus, leave pay and overtime	19,573	4,448	(6,159)	17,862
Clearance of Alien Vegetation	6,830	7,893	(5,490)	9,233
Non-current				
Environmental rehabilitation: Landfill sites	48,640	12,111	-	60,751
Clearance of Alien Vegetation	17,878	2,170	-	20,048
Long service awards	196,858	(21,707)	-	175,151
	297,571	6,506	(12,455)	291,622

Reconciliation of provisions - Group - 2010

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	4,570	6,973	(4,713)	6,830
Performance bonus, leave pay and overtime	17,954	7,677	(6,058)	19,573
Long service awards	12,206	(3,864)	(550)	7,792
Non-current				
Environmental rehabilitation: Landfill sites	44,399	4,284	(43)	48,640
Clearance of Alien Vegetation	13,655	4,223	-	17,878
Long service awards	123,012	73,846	-	196,858
	215,796	93,139	(11,364)	297,571

Reconciliation of provisions - Municipality - 2011

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	6,830	7,893	(5,490)	9,233
Performance bonus	16,906	4,448	(6,146)	15,208
Long service awards	7,792	1,591	(806)	8,577
Non-current				
Environmental rehabilitation: Landfill sites	48,640	12,111	-	60,751
Clearance of Alien Vegetation	17,878	2,170	-	20,048
Long service awards	196,858	(21,707)	-	175,151
	294,904	6,506	(12,442)	288,968

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

4. Provisions (continued)

Reconciliation of provisions - Municipality - 2010

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	4,570	6,973	(4,713)	6,830
Performance bonus	15,458	7,424	(5,976)	16,906
Long service awards	12,206	(3,864)	(550)	7,792
Non-current				
Environmental rehabilitation: Landfill sites	44,399	4,284	(43)	48,640
Clearance of Alien Vegetation	13,655	4,223	-	17,878
Long service awards	123,012	73,846	-	196,858
	213,300	92,886	(11,282)	294,904
Non-current liabilities	255,950	263,376	255,950	263,376
Current liabilities	35,672	34,195	33,018	31,528
	291,622	297,571	288,968	294,904

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 10%. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

Long service awards

Employees who achieve 15 years service will be granted 10 days paid leave (once off) together with a service certificate signed by the Head of Department.

Employees who achieve 25 years service will be granted 15 days paid leave (once off) together with an engraved gold watch to a maximum value of R2000 (value reviewable every five (5) years) and service certificate signed by Head of Department.

Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.

The abovementioned leave is granted in addition to the annual leave entitlement and maximum accumulation granted in terms of the National Conditions of Service, and may be taken, converted to cash in full or partially or accumulated. The abovementioned leave is only applicable to those employees who achieve the stated years of service after the effective date of these conditions.

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2011 (2010: 30 June 2010). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 9% (2010: 11%) was used based on internal rate of return.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

4. Provisions (continued)

Clearance of Alien Vegetation

The clearing of alien vegetation is required in terms of the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983). The Municipality has therefore made a provision for its obligation, based on future estimated costs for the next 3 years. This provision will be reviewed annually to reflect the fair value of the obligation.

Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.

Data used for calculations:

Municipal owned land within the municipal area:	18 000 Ha	
Municipal owned open space currently managed (prioritised):	2 200 Ha	
Current approximate cost of clearing very high infestations of IAP's:		R5 200.00 / Ha
(2010: R4 995.00 / Ha).		

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Manager.

5. RETIREMENT BENEFIT OBLIGATIONS

5.1. Defined benefit plan

Statement of Financial Position obligation for:

Post-employment medical benefits	2,067,082	1,892,056	2,067,082	1,892,056
Pension benefits	(318,920)	(116,714)	(318,920)	(116,714)
Balance at end of year	1,748,162	1,775,342	1,748,162	1,775,342

Statement of Financial Performance obligation for:

Post-employment medical benefits	175,026	302,883	175,026	302,883
Pension Benefits:	-	-	-	-
Defined Benefit Funds	110,780	111,662	110,780	111,662
Defined Contribution Funds	530,809	556,261	530,809	553,465
Total, included in employee benefits expense	28 816,615	970,806	816,615	968,010

5.1.1. Post-Retirement Medical Aid Plan

The municipality operates on 6 accredited medical aid schemes, namely Global Health, Hosmed, Munimed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	1,892,056	1,589,173	1,892,056	1,589,173
Current service cost	85,949	64,122	85,949	64,122
Interest cost	171,672	147,959	171,672	147,959
Actuarial (gains) losses	(13,736)	151,079	(13,736)	151,079
Benefit payments	(68,859)	(60,277)	(68,859)	(60,277)
Balance at end of year	2,067,082	1,892,056	2,067,082	1,892,056

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
5. Retirement benefit obligations (continued)				
Net expense recognised in the Statement of financial performance				
Current service cost	85,949	64,122	85,949	64,122
Interest cost	171,672	147,959	171,672	147,959
Actuarial (gains) losses	(13,736)	151,079	(13,736)	151,079
Benefit payments	(68,859)	(60,277)	(68,859)	(60,277)
Total, included in employee benefits expense	28	175,026	302,883	175,026
		302,883	175,026	302,883

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	8.40 %	9.25 %	8.40 %	9.25 %
General increases to medical aid contributions	6.90 %	7.75 %	6.90 %	7.75 %
Salary Inflation	6.00 %	7.25 %	6.00 %	7.25 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	100.00 %	100.00 %	100.00 %	100.00 %

Other assumptions:

- Age of spouse - Husbands 5 years older than wives
- Mortality of in-service members - Mortality table based on durban Pension Fund experience
- Mortality of pensioners - a(m) and a(f) ultimate tables plus 0.50% improvement per annum

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %	7.85 %	7.85 %
Age 25	5.67 %	5.67 %	5.67 %	5.67 %
Age 30	4.20 %	4.20 %	4.20 %	4.20 %
Age 35	3.31 %	3.31 %	3.31 %	3.31 %
Age 40	2.23 %	2.23 %	2.23 %	2.23 %
Age 45	1.21 %	1.21 %	1.21 %	1.21 %
Age 50	0.55 %	0.55 %	0.55 %	0.55 %
Age 55+	0.00 %	0.00 %	0.00 %	0.00 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

5. Retirement benefit obligations (continued)

5.1.2. Pension benefits

The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	7,369,519	7,066,557	7,369,519	7,066,557
Present value of the defined benefit obligation-partially or wholly funded	(8,824,562)	(8,226,174)	(8,824,562)	(8,226,174)
Asset not recognised due to future surplus policy not yet established	1,136,123	1,042,903	1,136,123	1,042,903
Liability (Surplus) in the Statement of Financial Position	(318,920)	(116,714)	(318,920)	(116,714)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	(116,714)	(70,929)	(116,714)	(70,929)
Current service cost	110,780	111,662	110,780	111,662
Contributions by plan participants	27,576	25,606	27,576	25,606
Actuarial losses	(11,157)	385,752	(11,157)	385,752
Interest cost	649,868	656,977	649,868	656,977
Benefit payments	(474,105)	(470,336)	(474,105)	(470,336)
Obligation not recognised due to future surplus policy not yet established	(505,168)	(755,446)	(505,168)	(755,446)
Balance at end of year	(318,920)	(116,714)	(318,920)	(116,714)

Movement in the fair value of plan assets is as follows:

Actuarial gains (losses)	185,120	1,019,721	185,120	1,019,721
Employer contributions	70,361	67,461	70,361	67,461
Employee contributions	27,576	25,606	27,576	25,606
Benefit payments	(474,105)	(470,336)	(474,105)	(470,336)
Expected return on assets	789,436	757,776	789,436	757,776
Transfers out	-	(678,987)	-	(678,987)
Asset not recognised due to future surplus policy not yet established	(598,388)	(721,241)	(598,388)	(721,241)
Balance at end of year	-	-	-	-

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost - Defined Benefit Funds	110,780	111,662	110,780	111,662
Current service cost - Defined Contribution Funds	530,809	556,261	530,809	553,465
Total included in employee benefits expense	641,589	667,923	641,589	665,127

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

5. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	8.75 %	9.25 %	8.75 %	9.25 %
Expected return on plan assets	9.25 %	9.75 %	9.25 %	9.75 %
Future salary increases	6.75 %	6.75 %	6.75 %	6.75 %
Future pension increases	4.07 %	4.55 %	4.07 %	4.55 %

Examples of mortality rates used were as follows:

Active members (All):

Age 20	0.13 %	0.13 %	0.13 %	0.13 %
Age 25	0.18 %	0.18 %	0.18 %	0.18 %
Age 30	0.25 %	0.25 %	0.25 %	0.25 %
Age 35	0.37 %	0.37 %	0.37 %	0.37 %
Age 40	0.52 %	0.52 %	0.52 %	0.52 %
Age 45	0.72 %	0.72 %	0.72 %	0.72 %
Age 50	0.99 %	0.99 %	0.99 %	0.99 %
Age 55	1.37 %	1.37 %	1.37 %	1.37 %
Age 60	1.89 %	1.89 %	1.89 %	1.89 %

All Councillors and employees belong to 8 retirement funds. The KZN Municipal Pension Fund is a defined contribution fund and became operational from 2001-11-01.

The results for the year ended 2005-06-30 (per the Fund Valuator) revealed that the fund was in sound financial position.

The Durban Pension Fund is a defined benefit fund administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The valuation as at 2011-01-01 revealed that the Fund was 100% funded. The actuarial value of assets and liabilities was determined to be R8.56 billion. Members and the employer contribute at the rate of 7.5% and 19.68% respectively with the balance of the required contributions being funded by the contribution stabilization reserve account and the employer surplus account. In compliance with the Fund's rules an amount of R70.1 million was contributed by Council in respect of retirement funding during the period under review.

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

An interim valuation carried out on the NJMP Superannuation fund (defined benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year to 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement fund (defined benefit) as at 31 March 2007 reflected a fund deficit of R229.8 million in respect of members. The total contribution rate payable, including the total surcharge of 14% will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2007 revealed that the Fund was in a sound financial position.

Non-current liabilities	1,610,806	1,634,468	1,610,806	1,634,468
Current liabilities	137,356	140,874	137,356	140,874
	1,748,162	1,775,342	1,748,162	1,775,342

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
6. DEPOSITS				
I.C.C. : Clients Deposits	20,036	16,802	-	-
Electricity	686,868	575,685	686,868	575,685
Water	194,976	163,415	194,976	163,415
Interest	54,889	50,163	54,889	50,163
Ushaka:Rental Deposits	1,486	1,368	-	-
Total Deposits	958,255	807,433	936,733	789,263

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2010: 3%) which is paid to consumers when deposits are refunded.

7. CREDITORS

Trade payables	1,981,940	2,257,283	1,955,925	2,230,730
Payments received in advance	1,093,956	1,027,144	1,093,956	1,027,144
Accrued staff 13th cheques	38	36	-	-
Retentions	119,191	144,111	119,191	144,111
Bank Deposits not yet receipted	135,545	164,014	135,545	164,014
Staff leave	280,742	261,483	280,742	261,483
Other payables	821,245	848,602	849,242	876,618
Deferred expenditure	23,634	15,458	23,634	15,458
Adjustment for fair value at amortised cost	(15,101)	(12,271)	(15,101)	(12,271)
Total Creditors	4,441,190	4,705,860	4,443,134	4,707,287

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Electricity Demand Side Management Grant	3,279	8,000	3,279	8,000
Department of Provincial and Local Government	2,000	2,250	2,000	2,250
Department of Local Government and Traditional Affairs	7,311	8,213	7,311	8,213
Department of Transport and Public Transport Infrastructure	317,859	335,273	317,859	335,273
Department of Economic Activity and various Industries	1,557	2,295	1,557	2,295
Expanded Public Works Incentive Grant	22,860	43,243	22,860	43,243
Equitable Share	-	3,089	-	3,089
Neighbourhood Development Partnership Grant	2,091	9,003	2,091	9,003
2010 KZN Government Grant	14,789	-	14,789	-
Vuna Awards	2,898	2,945	2,898	2,945
Municipal Infrastructure Grant	26,194	14,330	26,194	14,330
Grant Accreditaion	299	315	299	315
Metropolitan Transport Authority - Taxi Ranks	32	32	32	32
Department of Housing	69,103	13,296	69,103	13,296
Lamontville and R293 Trf Deeds / Administration	1,556	1,556	1,556	1,556

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

10. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - Group - 2011

	Opening Balance	Additions	Disposals	Transfers	Work-in-Progress	Depreciation	Impairment deficit	Total
Land and Buildings	3,777,081	328,635	(19)	(1,745)	28,915	(128,671)	-	4,004,196
Infrastructure	18,368,718	2,558,660	(23,206)	-	340,306	(600,059)	1,494	20,645,913
Community	3,938,120	83,988	(84)	-	(48,954)	(139,844)	-	3,833,226
Other	3,448,511	422,312	(5,172)	(5,031)	8,571	(524,268)	1,624	3,346,547
Heritage	17,881	1,123	-	-	(9,002)	-	-	10,002
Housing Development Fund	77,859	44	(699)	(7)	-	(2,694)	-	74,503
	29,628,170	3,394,762	(29,180)	(6,783)	319,836	(1,395,536)	3,118	31,914,387

Reconciliation of property, plant and equipment - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment deficit	Total
Land and Buildings	3,761,404	65,797	(3,653)	53,184	18,750	(117,798)	(603)	3,777,081
Infrastructure	15,121,000	4,007,175	(44,340)	14,615	(246,852)	(456,870)	(26,010)	18,368,718
Community	3,498,053	3,250,666	(1,541)	(12,675)	(2,682,153)	(97,029)	(17,201)	3,938,120
Other	1,952,063	1,988,002	(9,435)	(16,757)	23,844	(486,024)	(3,182)	3,448,511
Heritage	6,552	262	-	-	11,067	-	-	17,881
Housing Development Fund	51,604	44,974	(7,383)	(93)	(8,752)	(2,491)	-	77,859
	24,390,676	9,356,876	(66,352)	38,274	(2,884,096)	(1,160,212)	(46,996)	29,628,170

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2011

	Opening Balance	Additions	Disposals	Transfers	Work-in- progress	Depreciation	Impairment deficit	Total
Land and Buildings	2,688,870	322,916	(19)	-	28,915	(83,644)	-	2,957,038
Infrastructure	18,368,718	2,558,660	(23,206)	-	340,306	(600,059)	1,494	20,645,913
Community	3,938,120	83,988	(84)	-	(48,954)	(139,844)	-	3,833,226
Other	3,373,403	415,035	(4,498)	(6,771)	8,571	(500,736)	1,624	3,286,628
Heritage	17,881	1,123	-	-	(9,002)	-	-	10,002
Housing Development Fund	77,859	44	(699)	(7)	-	(2,694)	-	74,503
	28,464,851	3,381,766	(28,506)	(6,778)	319,836	(1,326,977)	3,118	30,807,310

Reconciliation of property, plant and equipment - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in- progress	Depreciation	Impairment deficit	Total
Land and Buildings	2,649,563	45,121	(3,653)	53,184	18,970	(73,712)	(603)	2,688,870
Infrastructure	15,121,000	4,007,175	(44,340)	14,615	(246,852)	(456,870)	(26,010)	18,368,718
Community	3,498,053	3,250,666	(1,541)	(12,675)	(2,682,153)	(97,029)	(17,201)	3,938,120
Other	1,869,969	1,972,354	(9,376)	(16,757)	23,844	(463,957)	(2,674)	3,373,403
Heritage	6,552	262	-	-	11,067	-	-	17,881
Housing Development Fund	51,604	44,974	(7,383)	(93)	(8,752)	(2,491)	-	77,859
	23,196,741	9,320,552	(66,293)	38,274	(2,883,876)	(1,094,059)	(46,488)	28,464,851

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R199.9m but are fully depreciated. This amount is made up as follows:

Land and Buildings	R2.4million
Infrastructure	R179.5million
Community	R15.7million
Other	R2.3million

Refer to Note 53 and Appendix A for detailed analysis of fixed assets.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

11. INTANGIBLE ASSETS

Group	2011			2010		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	47,882	-	47,882	47,634	-	47,634
Computer software	717,117	(416,934)	300,183	581,612	(298,948)	282,664
Total	764,999	(416,934)	348,065	629,246	(298,948)	330,298

Municipality	2011			2010		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	47,882	-	47,882	47,634	-	47,634
Computer software	710,110	(410,991)	299,119	575,335	(294,321)	281,014
Total	757,992	(410,991)	347,001	622,969	(294,321)	328,648

Reconciliation of intangible assets - Group - 2011

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	47,634	248	-	-	-	-	47,882
Computer software	282,664	124,225	(20)	6,779	(15,120)	(98,345)	300,183
Total	330,298	124,473	(20)	6,779	(15,120)	(98,345)	348,065

Reconciliation of intangible assets - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,985	4,789	-	(140)	-	-	47,634
Computer software	315,153	55,173	(18)	108	7,327	(95,079)	282,664
Total	358,138	59,962	(18)	(32)	7,327	(95,079)	330,298

Reconciliation of intangible assets - Municipality - 2011

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	47,634	248	-	-	-	-	47,882
Computer software	281,014	123,509	(20)	6,779	(15,120)	(97,043)	299,119
Total	328,648	123,757	(20)	6,779	(15,120)	(97,043)	347,001

Reconciliation of intangible assets - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Amortisation	Total
Servitudes	42,985	4,789	-	(140)	-	-	47,634
Computer software	313,533	54,195	(17)	108	7,327	(94,132)	281,014
Total	356,518	58,984	(17)	(32)	7,327	(94,132)	328,648

Intangible assets disclosed relate to servitudes registered by the electricity department of the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the municipality's policy to capitalise servitudes to projects which are currently disclosed as Infrastructure costs.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

12. INVESTMENT PROPERTIES

Group	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	162,756	(54,059)	108,697	175,892	(49,732)	126,160
Non-revenue Generating	275,013	-	275,013	277,044	-	277,044
Total	437,769	(54,059)	383,710	452,936	(49,732)	403,204

Municipality	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	90,803	(37,095)	53,708	90,803	(35,290)	55,513
Non-revenue Generating	209,597	-	209,597	211,628	-	211,628
Total	300,400	(37,095)	263,305	302,431	(35,290)	267,141

Reconciliation of investment properties - Group - 2011

	Opening Balance	Disposals	Depreciation	Total
Revenue Generating	126,160	(13,138)	(4,325)	108,697
Non-revenue Generating	277,044	(2,031)	-	275,013
	403,204	(15,169)	(4,325)	383,710

Reconciliation of investment properties - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	114,139	16,103	(150)	-	(3,932)	126,160
Non-revenue Generating	301,641	15,514	(1,922)	(38,189)	-	277,044
	415,780	31,617	(2,072)	(38,189)	(3,932)	403,204

Reconciliation of investment properties - Municipality - 2011

	Opening Balance	Disposals	Depreciation	Total
Revenue Generating	55,513	-	(1,805)	53,708
Non-revenue Generating	211,628	(2,031)	-	209,597
	267,141	(2,031)	(1,805)	263,305

Reconciliation of investment properties - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	57,492	-	(150)	-	(1,829)	55,513
Non-revenue Generating	236,225	15,514	(1,922)	(38,189)	-	211,628
	293,717	15,514	(2,072)	(38,189)	(1,829)	267,141

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

12. Investment properties (continued)

Municipality

The fair value of the above properties is R1.1 billion (2010: R1.3 billion). Investment properties have been valued in accordance with current market conditions.

Group

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R122 million based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

13. INVESTMENTS IN MUNICIPAL ENTITIES

Name of company	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
ICC Durban (Proprietary) Limited	100 %	100 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99.8 %	99.8 %	872,996	860,996
			<hr/>	<hr/>
			872,997	860,997
Impairment of investment in municipal entity			(198,793)	(136,498)
			<hr/>	<hr/>
			674,204	724,499

At its meeting on 19 July 2011, and taking cognizance of the International Convention Centre and Durban Marine Theme Park operating at a break-even level, excluding depreciation and finance charges, the Council's Finance and Procurement Committee confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

On 26 May 2011, 124 additional shares were acquired in Durban Marine Theme Park (Pty) Ltd.

In the prior year, on 31 January 2010, 206 additional shares were acquired in Durban Marine Theme Park (Pty) Ltd. Refer to note 16 for further details.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
13. Investments in municipal entities (continued)				
As at 30th June 2011				
			ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)			1	9,384
Percentage owned by Council (%)			100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing			226,590	-
Loss on Impairment of Loans			(226,590)	-
Electricity Income Received (R'000)			7,782	13,876
Water Income Received (R'000)			886	3,721
Gross Rates Income Received (R'000)			17,536	-
Grant-in-Aid (Rates) (R'000)	-	-	(10,500)	-
Refuse Removal (R'000)	-	-	418	-
As at 30th June 2010				
			ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)			1	9,260
Percentage owned by Council (%)			100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing			226,590	1,560
Loss on Impairment of Loans			(226,590)	(1,560)
Electricity Income Received (R'000)			6,255	11,773
Water Income Received (R'000)			574	3,851
Gross Rates Income Received (R'000)			17,790	-
Grant-in-Aid (Rates) (R'000)	-	-	(10,500)	-

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
14. INVESTMENTS				
Financial Instruments - Held to Maturity				
General Investments (Refer to note 35 for details)	-	27,044	-	27,044
Fixed and Negotiable Deposits	2,450,000	300,000	2,450,000	300,000
	2,450,000	327,044	2,450,000	327,044
Total Cash Investments	2,450,000	327,044	2,450,000	327,044
Current assets				
Held to Maturity	2,450,000	327,044	2,450,000	327,044

Investments are non-derivative financial assets and are classified at fair value and are held to maturity. Investments will mature within two to four months, therefore cost equates fair value. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and re-evaluates such declaration on an annual basis.

15. INVESTMENT IN JOINT VENTURE

Name of company	Unlisted	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Effingham Development	d	66.74 %	66.74 %	70,610	137,089

This represents a 66.74% investment in Effingham Development (Joint Venture).

The Effingham Development Joint Venture is a joint venture entered into with Moreland Developments (Pty) Ltd. The joint venture was formed with the objective of developing and marketing the serviced sites of the Effingham / Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land.

Summary of the municipality's interest in the joint venture

Assets			
Township Property		44,096	57,232
Current assets - Debtors		21,971	123,148
Current assets - Bank Balances and Cash on hand		28,024	14,311
TOTAL ASSETS		94,091	194,691
Equity and Liabilities			
Members Loan Accounts		70,610	137,089
Current liabilities - Creditors		23,481	57,602
TOTAL EQUITY AND LIABILITIES		94,091	194,691
Reconciliation of Investment in Joint Venture			
Balance at beginning of year		137,089	156,851
Share of Income for the year		3,521	5,238
Payment received		(70,000)	(25,000)
BALANCE AT END OF YEAR		70,610	137,089

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
16. LOANS TO MUNICIPAL ENTITIES				
Durban Marine Theme Park (Proprietary) Limited			-	1,561
ICC Durban (Proprietary) Limited			226,590	226,590
Subtotal			226,590	228,151
Impairment of loans to municipal entities			(226,590)	(228,151)
			-	-

Loans to Municipal Entities are fully impaired as they are considered to be irrecoverable in the short-term.

On 26 May 2011 the loan of R1.5m to Durban Marine Theme Park (Pty) Ltd. was converted into ordinary shares in the municipal entity. This loan was previously impaired. The reversal of the loan impairment as at 30 June 2010 amounting to R1.5m was recognised as revenue in the current financial year.

17. RECEIVABLES

Long-term receivables				
Loan:DIDT	140,402	136,237	140,402	136,237
Fair Value Adjustment	(11,593)	(22,706)	(11,593)	(22,706)
Housing Selling scheme loans	130,761	139,621	130,761	139,621
First Metro Housing Loans	15,975	18,067	15,975	18,067
Land sales	999	21,255	999	21,255
Education Loans	10,787	9,167	10,787	9,167
Sporting bodies	1,073	2,328	1,073	2,328
Car Loans	-	1	-	1
Housing Bonds	-	51	-	51
	288,404	304,021	288,404	304,021
Less: Current portion transferred to current receivables				
Housing Selling scheme loans	3,786	4,451	3,786	4,451
First Metro Housing Loans	848	959	848	959
Land sales	999	21,255	999	21,255
Education Loans	115	98	115	98
Sporting bodies	214	465	214	465
Car Loans	-	1	-	1
Housing Bonds	-	25	-	25
	5,962	27,254	5,962	27,254
Non-current assets				
Long-term receivables	282,442	276,767	282,442	276,767
Current assets				
Long-term receivables	5,962	27,254	5,962	27,254

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

Car loans

Senior staff are entitled to car loans which attract interest at 8.5% (2010: 8.5%) per annum and which are repayable over a maximum period of 1 year. These loans were repayable in the year 2010.

Sewerage connection loans

To encourage property owners to connect to the reticulation system, low interest rate loans are made to provide the necessary financial assistance. These loans attract interest at a rate of 11% - 14% per annum and are repayable over a maximum period of 1 year.

Sporting Bodies Loans

These loans attract interest of 11% - 14% (2010: 11% - 14%) per annum and are repayable over 20 to 50 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years. These loans will be repaid by the year 2011.

Housing First Metro loan

These loans attract interest at a fixed rate of 10% and are repayable over 20 years.

18. INVENTORIES

Unsold Properties held for resale	6	-	6	-
Food and Beverage	2,378	2,398	-	-
Consumable stores	203,620	216,727	202,670	215,984
Maintenance materials	137	136	137	136
Water	8,593	8,025	8,593	8,025
Merchandise	1,858	1,939	-	-
	216,592	229,225	211,406	224,145

The cost of inventories recognised as an expense during the period in respect of water sales was R1 080.9m (2010: R1 077.5m).

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
19. CONSUMER DEBTORS				
Gross Balances				
Rates	2,180,525	2,231,599	2,180,525	2,231,599
Electricity	937,728	770,136	937,728	770,136
Water	1,203,894	983,506	1,206,749	984,806
Refuse	61,558	46,197	61,558	46,197
Regional services levies	4,659	11,071	4,659	11,071
Housing rental	66,624	58,399	66,624	58,399
Waste water	100,730	11,155	100,730	11,155
I.C.C. Debtors	10,053	5,101	-	-
Total	4,565,771	4,117,164	4,558,573	4,113,363
Less Provision for bad debts				
Rates	(1,059,306)	(1,124,622)	(1,059,306)	(1,124,622)
Electricity	(204,567)	(190,050)	(204,567)	(190,050)
Water	(657,395)	(534,798)	(657,395)	(534,798)
Refuse	(5,403)	(6,642)	(5,403)	(6,642)
Regional services levies	(4,659)	(11,071)	(4,659)	(11,071)
Housing rental	(32,571)	(27,057)	(32,571)	(27,057)
Waste water	(24,884)	-	(24,884)	-
I.C.C. Debtors	(3,045)	(3,258)	-	-
Total	(1,991,830)	(1,897,498)	(1,988,785)	(1,894,240)
Net Balance				
Rates	1,121,219	1,106,977	1,121,219	1,106,977
Electricity	733,161	580,086	733,161	580,086
Water	546,499	448,708	549,354	450,008
Refuse	56,155	39,555	56,155	39,555
Housing rental	34,053	31,342	34,053	31,342
Waste water	75,846	11,155	75,846	11,155
I.C.C. Debtors	7,008	1,843	-	-
Total	2,573,941	2,219,666	2,569,788	2,219,123
Rates				
Current (0 -30 days)	440,142	633,790	440,142	633,790
31 - 60 days	62,361	62,368	62,361	62,368
61 - 90 days	49,076	46,561	49,076	46,561
91 - 120 days	17,525	40,608	17,525	40,608
121 - 365 days	1,056,850	745,530	1,056,850	745,530
> 365 days	554,571	702,742	554,571	702,742
Total	2,180,525	2,231,599	2,180,525	2,231,599
Electricity, Water, Solid Waste and Waste Water				
Current (0 -30 days)	945,150	683,175	945,150	683,175
31 - 60 days	67,524	140,199	67,524	140,199
61 - 90 days	62,925	47,623	62,925	47,623
91 - 120 days	199,531	67,054	199,531	67,054
> 120 days	1,031,635	874,243	1,031,635	874,243
Total	2,306,765	1,812,294	2,306,765	1,812,294

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Regional services levies				
> 365 days	4,659	11,071	4,659	11,071
Housing rental				
Current (0 -30 days)	1,928	2,089	1,928	2,089
31 - 90 days	1,108	1,034	1,108	1,034
91 - 120 days	31,018	28,219	31,018	28,219
> 120 days	32,570	27,057	32,570	27,057
Total	66,624	58,399	66,624	58,399
I.C.C. Debtors				
Current (0 -30 days)	2,188	1,155	-	-
31 - 60 days	686	438	-	-
61 - 90 days	1,144	189	-	-
91 - 120 days	392	341	-	-
>120 days	5,643	2,978	-	-
Total	10,053	5,101	-	-
20. DEBTORS				
Other Debtors	943,971	1,244,744	920,891	1,118,780
Fair Value Adjustment	(813)	(431)	(813)	(431)
Provision for bad debts	(79,317)	(127,210)	(79,425)	(127,270)
Insurance debtor	160,412	128,492	160,412	128,492
Accruals	1,714,788	1,603,411	1,714,788	1,603,411
Prepayments made in advance	14,804	22,420	13,296	20,479
	2,753,845	2,871,426	2,729,149	2,743,461
21. CALL INVESTMENT DEPOSITS				
30 Day deposits	742,275	1,528,005	650,504	1,430,751
22. VAT				
VAT reconciliation				
VAT receivable	42,182	376,983	42,182	375,850
VAT payable	(2,966)	(25,364)	-	-
Net Vat	39,216	351,619	42,182	375,850

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
23. PROPERTY RATES				
Rates received				
Residential	1,564,253	1,614,499	1,564,253	1,614,499
Agricultural	3,288	2,256	3,288	2,256
Agricultural - Prior Year adjustment	-	(3,274)	-	(3,274)
Vacant Land	465,344	475,173	465,344	475,173
Industrial	801,572	743,903	801,572	743,903
Business & Commercial	1,207,289	1,114,815	1,224,825	1,122,105
Public Service Infrastructure	14,072	24,395	14,072	24,395
Unauthorised / Illegal Development	284	122	284	122
Total Assessment Rates	4,056,102	3,971,889	4,073,638	3,979,179
Valuations				
Residential	247,376,234	243,346,560	247,376,234	243,346,560
Agricultural	1,536,156	1,417,895	1,536,156	1,417,895
Vacant Land	17,976,729	22,069,993	17,976,729	22,069,993
Industrial	33,859,744	34,265,683	33,859,744	34,265,683
Business & Commercial	81,444,791	77,390,069	81,444,791	77,390,069
Public Service Infrastructure	10,106,936	8,846,659	10,106,936	8,846,659
Unauthorised / Illegal Development	202,816	36,305	202,816	36,305
Total Property Valuations	392,503,406	387,373,164	392,503,406	387,373,164

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R 0.00852 (2010:R 0.009); Agriculture - R 0.00213 (2010:R0.0024); Vacant Land - R 0.0408 (2010:R0.0378); Industrial - R 0.02493 (2010:R 0.0258); Business and Commercial - R 0.01932 (2010:R 0.0201); Public Service Infrastructure - R 0.00213 (2010:R0.0024). The year-on-year increases in the rate randages were minimal due to the previously rated sewerage element becoming tariff-based with effect from 1 July 2010. All residential property owners are exempt from paying rates on the first R120 000 (2010: R120 000) of their property value. Pensioners, child-headed households, disability grantees and the medically boarded are exempt from paying rates on the first R400 000 (2010:R400 000) of their property value (inclusive of the R120 000 referred to earlier). No rates are levied on the first R30 000 (2010: R30 000) value of vacant land.

24. SERVICE CHARGES

Sale of electricity	7,001,171	5,622,549	7,022,871	5,619,105
Sale of water	1,828,898	1,715,108	1,833,505	1,719,533
Solid waste	374,399	342,925	374,399	342,925
Sewerage and sanitation charges	559,237	68,133	559,237	68,133
Other service charges	127,947	114,278	127,947	114,278
Total service charges	9,891,652	7,862,993	9,917,959	7,863,974

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
25. GRANTS AND SUBSIDIES				
Equitable share	1,417,624	1,126,955	1,417,624	1,126,955
Municipal infrastructure grant	584,048	494,811	584,048	494,811
Tsogo Sun	38,042	-	38,042	-
European Union	4,605	29,655	4,605	29,655
Provincial health subsidies	51,388	50,745	51,388	50,745
Department of Transport and Public Transport Infrastructure	147,414	539,758	147,414	539,758
Department of Economic Activities and various Industries	2,925	2,568	2,925	2,568
Vuna Awards	47	111	47	111
2010 KZN Provincial grant	76,497	700,419	76,497	700,419
Department of Minerals and Energy Affairs	29,721	1,800	29,721	1,800
Tsogo Sun	-	95,476	-	95,476
Other grants	68,937	83,534	68,937	83,502
Donations and Public Contributions	3,104	47,715	3,104	47,715
D Moss Land Sales	-	74	-	74
Neighbourhood Development Partnership	32,693	188,765	32,693	188,765
Department of Housing	104,622	343,229	104,622	343,229
Danida	10,703	19,363	10,703	19,363
Grant Accreditation	16	95	16	95
Department of Local Government and Traditional Affairs	17,702	4,954	17,702	4,954
Provincial grants: Library Books	-	706	-	706
Metropolitan Transport Authority - Taxi ranks	591	1,881	591	1,881
A1 Grand Prix	-	644	-	644
Department of Provincial and Local Government	250	31	250	31
Total grants and subsidies	2,590,929	3,733,289	2,590,929	3,733,257

Equitable share

Balance unspent at beginning of year	3,089	3,048	3,089	3,048
Current-year receipts	1,414,535	1,126,996	1,414,535	1,126,996
Conditions met - transferred to revenue	(1,417,624)	(1,126,955)	(1,417,624)	(1,126,955)
Conditions still to be met - transferred to liabilities	-	3,089	-	3,089

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Unspent portion will be used to provide infrastructure development and job creation in INK as an urban regeneration programme.

Municipal infrastructure grant

Balance unspent at beginning of year	14,330	191	14,330	191
Current-year receipts	595,912	508,950	595,912	508,950
Conditions met - transferred to revenue	(584,048)	(494,811)	(584,048)	(494,811)
Conditions still to be met - transferred to liabilities	26,194	14,330	26,194	14,330

This grant was used to construct roads and sewerage infrastructure.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
D Moss Land Sales				
Balance unspent at beginning of year	8,362	8,436	8,362	8,436
Conditions met - transferred to revenue	-	(74)	-	(74)
Conditions still to be met - transferred to liabilities	8,362	8,362	8,362	8,362

The above relates to funding for the acquisition of D Moss land.

Department of Economic Activities and various Industries

Balance unspent at beginning of year	2,295	2,778	2,295	2,778
Current-year receipts	2,187	2,085	2,187	2,085
Conditions met - transferred to revenue	(2,925)	(2,568)	(2,925)	(2,568)
Conditions still to be met - transferred to liabilities	1,557	2,295	1,557	2,295

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway.

Department of Transport and Public Transport Infrastructure

Balance unspent at beginning of year	335,273	298,105	335,273	298,105
Current-year receipts	130,000	576,926	130,000	576,926
Conditions met - transferred to revenue	(147,414)	(539,758)	(147,414)	(539,758)
Conditions still to be met - transferred to liabilities	317,859	335,273	317,859	335,273

The funds received and utilised relate to funding for subsidy for traffic and pedestrian planning as well as the Tansnat (2009:Remant Alton) Bus Operating subsidy. Unutilised funds will be expended in the forthcoming year.

Neighbourhood Development Partnership

Balance unspent at beginning of year	9,003	25,216	9,003	25,216
Current-year receipts	25,781	172,552	25,781	172,552
Conditions met - transferred to revenue	(32,693)	(188,765)	(32,693)	(188,765)
Conditions still to be met - transferred to liabilities	2,091	9,003	2,091	9,003

Focus of the grant is to stimulate and accelerate investment in poor underserved residential neighbourhoods.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
European Union				
Balance unspent at beginning of year	13,819	42,136	13,819	42,136
Current-year receipts	709	1,338	709	1,338
Conditions met - transferred to revenue	(4,605)	(29,655)	(4,605)	(29,655)
Conditions still to be met - transferred to liabilities	9,923	13,819	9,923	13,819

The Municipality has an Area-based Management Programme that focuses on key areas of the Council and enhances service delivery and stimulates job and income generation to these basic areas. The European Union formed a partnership with the Council on condition that the funds provided are to be utilised only in these specific areas.

Other grants

Balance unspent at beginning of year	35,706	19,472	35,706	19,472
Current-year receipts	76,591	99,322	76,591	99,322
Current-year accruals	-	414	-	414
Conditions met - transferred to revenue	(68,937)	(83,502)	(68,937)	(83,502)
Conditions still to be met - transferred to liabilities	43,360	35,706	43,360	35,706

Other Grants and subsidies were utilised during the year to fund various Council projects.

Department of Housing

Balance unspent at beginning of year	13,296	51,271	13,296	51,271
Current-year receipts	160,429	305,254	160,429	305,254
Conditions met - transferred to revenue	(104,622)	(343,229)	(104,622)	(343,229)
Conditions still to be met - transferred to liabilities	69,103	13,296	69,103	13,296

Funding for the administration of Hostels in KwaZulu Natal.

Lamontville and R293 transfer Deeds

Balance unspent at beginning of year	-	1,556	-	1,556
--------------------------------------	---	-------	---	-------

This grant was used to fund the maintenance of the Lamontville houses as well as the transfer of the R293 township houses to the beneficiaries.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Danida				
Balance unspent at beginning of year	831	1,973	831	1,973
Current-year receipts	9,872	17,621	9,872	17,621
Current-year accruals	-	600	-	600
Conditions met - transferred to revenue	(10,703)	(19,363)	(10,703)	(19,363)
Conditions still to be met - transferred to liabilities	-	831	-	831

These funds are used to enhance existing capacity in Urban Environmental Management. This programme prioritizes poverty reduction and building institutional capacity for enhanced local level delivery of environmentally sustainable services.

Grant Accreditation

Balance unspent at beginning of year	315	410	315	410
Conditions met - transferred to revenue	(16)	(95)	(16)	(95)
Conditions still to be met - transferred to liabilities	299	315	299	315

These funds are for the administrative support provided for RDP houses.

Department of Local Government and Traditional Affairs

Balance unspent at beginning of year	8,213	12,167	8,213	12,167
Current-year receipts	16,800	1,000	16,800	1,000
Conditions met - transferred to revenue	(17,702)	(4,954)	(17,702)	(4,954)
Conditions still to be met - transferred to liabilities	7,311	8,213	7,311	8,213

Funding provided for the implementation of projects identified through the KZN Corridor Development Programme and to unlock strategic economic development opportunities within the Northern Municipal Planning Region (NMPR) of the city.

Donations and Public Contributions

Balance unspent at beginning of year	120,110	142,130	120,110	142,130
Current-year receipts	12,860	13,656	12,860	13,656
Transfer from Creditors (Incorrect classification in prior year)	-	12,039	-	12,039
Conditions met - transferred to revenue	(3,104)	(47,715)	(3,104)	(47,715)
Conditions still to be met - transferred to liabilities	129,866	120,110	129,866	120,110

The grants were received from various organisations to finance various developments. Included in the above is funding received from Tsogo Sun for the Suncoast precinct upgrade and the Inner City Distribution System. The above also includes a grant to fund the Bayhead Bridge Development Project.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

2010 KZN Provincial grant

Balance unspent at beginning of year	-	125,026	-	125,026
Current-year receipts	91,286	575,393	91,286	575,393
Conditions met - transferred to revenue	(76,497)	(700,419)	(76,497)	(700,419)
Conditions still to be met - transferred to liabilities	14,789	-	14,789	-

The grant was received for the building of the stadium and other constructions in preparation for 2010 FIFA World Cup.

Provincial grants: Library Books

Current-year receipts	-	706	-	706
Conditions met - transferred to revenue	-	(706)	-	(706)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant was utilised to fund the acquisition of library materials.

Metropolitan Transport Authority - Taxi ranks

Balance unspent at beginning of year	32	32	32	32
Current-year receipts	591	1,881	591	1,881
Conditions met - transferred to revenue	(591)	(1,881)	(591)	(1,881)
Conditions still to be met - transferred to liabilities	32	32	32	32

Funding from eThekwini Transport fund to contribute towards the upgrading of Taxi Ranks.

A1 Grand Prix

Balance unspent at beginning of year	-	644	-	644
Conditions met - transferred to revenue	-	(644)	-	(644)
Conditions still to be met - transferred to liabilities	-	-	-	-

Funding received for the A1 Grand Prix related roadwork.

Department of Minerals and Energy Affairs

Balance unspent at beginning of year	8,000	-	8,000	-
Current-year receipts	25,000	9,800	25,000	9,800
Conditions met - transferred to revenue	(29,721)	(1,800)	(29,721)	(1,800)
Conditions still to be met - transferred to liabilities	3,279	8,000	3,279	8,000

The grant was used to finance the gas-to-electricity capital project.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Department of Provincial and Local Government				
Balance unspent at beginning of year	2,250	2,281	2,250	2,281
Conditions met - transferred to revenue	(250)	(31)	(250)	(31)
Conditions still to be met - transferred to liabilities	2,000	2,250	2,000	2,250

Grant to be utilised for the Shembe Development Precinct (Rural ABM) and the acquisition of land for the Bridge City Project (INK).

Provincial health subsidies

Inventory received	6,848	8,133	6,848	8,133
Current-year receipts	44,540	42,612	44,540	42,612
Conditions met - transferred to revenue	(51,388)	(50,745)	(51,388)	(50,745)
Conditions still to be met - transferred to liabilities	-	-	-	-

The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix F). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

Tsogo Sun

Balance unspent at beginning of year	-	72,476	-	72,476
Current-year receipts	-	23,000	-	23,000
Conditions met - transferred to revenue	-	(95,476)	-	(95,476)
Conditions still to be met - transferred to liabilities	-	-	-	-

These funds were received from Tsogo Sun for the Suncoast Precinct upgrade and Inner-City distribution.

Expanded Public Works Programme Incentive

Balance unspent at beginning of year	43,243	-	43,243	-
Current-year receipts	17,659	43,243	17,659	43,243
Conditions met - transferred to revenue	(38,042)	-	(38,042)	-
Conditions still to be met - transferred to liabilities	22,860	43,243	22,860	43,243

This grant is to be used for job creation and poverty alleviation incentives.

Vuna Awards

Balance unspent at beginning of year	2,945	3,056	2,945	3,056
Conditions met - transferred to revenue	(47)	(111)	(47)	(111)
Conditions still to be met - transferred to liabilities	2,898	2,945	2,898	2,945

The Vuna Awards is an initiative of the Department of Provincial and Local Government, together with its partners in the coordination of development in local government, the South African Local Government Association, Development Bank of Southern Africa and the National Productivity Institute. The Vuna awards, as the awards are called, reward the municipalities that provide communities excellent services and governance.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
26. OTHER INCOME				
Sundry Income	596,875	532,770	409,887	365,396
Fuel Levy	1,147,254	895,448	1,147,254	895,448
	1,744,129	1,428,218	1,557,141	1,260,844

27. FAIR VALUE ADJUSTMENTS

Fair Value Adjustment - Creditors	2,830	81,407	2,830	81,407
Fair Value Adjustment - Debtors	(382)	(852)	(382)	(852)
Fair Value Adjustment - Long-term Receivables	11,113	(76,687)	11,113	(76,687)
Fair Value Adjustment - PPE	33,977	-	33,977	-
Investments - Financial Instruments	-	(34,858)	-	(34,858)
	47,538	(30,990)	47,538	(30,990)

28. EMPLOYEE RELATED COSTS

Employee related costs-Salaries and Wages	3,406,414	2,988,632	3,316,079	2,908,792
Bonus	-	1,760	-	-
Medical aid and Pension Benefits	5 816,615	970,806	816,615	968,010
UIF	32,552	28,811	26,460	22,951
Leave pay provision contribution	69,774	204,444	69,774	204,151
Travel, motor car, accommodation, subsistence and other allowances	134,493	111,978	134,493	111,978
Overtime payments	339,948	354,179	337,280	351,614
Housing benefits and allowances	19,298	24,293	19,298	24,293
Holiday Bonus	220,808	183,610	220,808	183,610
Other	32,459	20,581	30,244	20,581
Less: Employee costs capitalised to PPE	(148,120)	(255,462)	(148,120)	(255,462)
	4,924,241	4,633,632	4,822,931	4,540,518

There were no advances to employees. Loans to employees are set out in note 17.

Included in the employee related costs are the following:

Remuneration of the Municipal Manager

Annual Remuneration	1,545	1,416	1,545	1,416
Car Allowance	102	102	102	102
Market Allowance	382	382	382	382
Contributions to UIF, Medical Aid and Pension Funds	21	1	21	1
Total	2,050	1,901	2,050	1,901

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Remuneration of the Chief Finance Officer				
Annual Remuneration	1,096	1,009	1,096	1,009
Car Allowance	351	317	351	317
Market Allowance	242	242	242	242
Contributions to UIF, Medical Aid and Pension Funds	238	203	238	203
Total	1,927	1,771	1,927	1,771
Safety and Security				
Annual Remuneration	1,463	1,349	1,463	1,349
Contributions to UIF, Medical and Pension Funds	17	1	17	1
Total	1,480	1,350	1,480	1,350
Health and Social Services				
Annual Remuneration	1,283	684	1,283	684
Contributions to UIF, Medical and Pension Funds	42	12	42	12
Car Allowance	120	70	120	70
Total	1,445	766	1,445	766
In the prior-year the above post was vacant for 5 months during the year.				
Governance				
Annual Remuneration	1,096	1,009	1,096	1,009
Car Allowance	351	316	351	316
Market Allowance	121	121	121	121
Contributions to UIF, Medical Aid and Pension Funds	235	198	235	198
Total	1,803	1,644	1,803	1,644

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Procurements and Infrastructure				
Annual Remuneration	1,492	1,365	1,492	1,365
Car Allowance	120	120	120	120
Market Allowance	210	210	210	210
Contributions to UIF, Medical Aid and Pension Funds	51	30	51	30
Total	1,873	1,725	1,873	1,725
Sustainable Development and City Enterprises				
Annual Remuneration	1,014	1,004	1,014	1,004
Car Allowance	150	180	150	180
Contributions to UIF, Medical and Pension Funds	48	28	48	28
Total	1,212	1,212	1,212	1,212
I.C.C.: Remuneration of the Chief Executive Officer (vacant)				
Annual Remuneration	-	1,013	-	-
Car Allowance	-	50	-	-
Performance Bonuses	-	116	-	-
Contributions to UIF, Medical and Pension Funds	-	89	-	-
Total	-	1,268	-	-
I.C.C.: Remuneration of Executive Managers				
Annual Remuneration	4,686	3,449	-	-
Car Allowance	28	30	-	-
Performance Bonuses	-	102	-	-
Contributions to UIF, Medical and Pension Funds	442	340	-	-
Total	5,156	3,921	-	-
Durban Marine Theme Park				
Chairman Fees	-	25	-	-
Directors Fees	133	108	-	-
Accounting Officers Fees	191	180	-	-
Total	324	313	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

29. REMUNERATION OF COUNCILLORS

Mayor	950	866	950	866
Deputy Mayor	669	708	669	708
Mayoral Committee Members	5,370	3,465	5,370	3,465
Speaker	685	705	685	705
Councillors	64,328	62,506	64,328	62,506
Councillors' pension contribution	5,917	5,719	5,917	5,719
Total Councillors' Remuneration	77,919	73,969	77,919	73,969

In-kind Benefits:

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

30. FINANCE COSTS

Non-current borrowings	637,626	470,533	629,741	463,158
Consumer Deposits	10,352	8,781	10,352	8,781
Other interest paid	44,217	4,976	47,252	9,003
Total Finance costs	692,195	484,290	687,345	480,942

An amount of R215.1m (2010: R230.7m) relating to borrowing costs was capitalised to work-in-progress with 8.73% (2010: 8.75%) being the weighted average cost of funds borrowed generally by the municipality.

31. BULK PURCHASES

Electricity	4,414,590	3,454,403	4,414,590	3,454,403
Water	1,080,927	1,077,541	1,080,927	1,077,541
Total Bulk Purchases	5,495,517	4,531,944	5,495,517	4,531,944

32. GRANTS AND SUBSIDIES PAID

Grant paid :Durban Arts Association	2,805	2,805	2,805	2,805
Grant paid: Enhanced Extended Discount Benefit	15,052	33,719	15,052	33,719
Grant paid: Sporting Organisations	35,969	33,216	35,969	33,216
Grant paid: Playhouse Company	2,913	2,809	2,913	2,809
Grant paid: Natal Philharmonic Orchestra	6,752	6,752	6,752	6,752
Grant paid: Tourism Indaba	9,574	10,289	9,574	10,289
Grant paid: Trade Point Durban	965	1,096	965	1,096
Grant paid: Food Aid Program	6,985	87	6,985	87
Grant paid: Other	51,106	48,715	61,606	59,204
Total Grants and Subsidies Paid	132,121	139,488	142,621	149,977

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
33. GENERAL EXPENSES				
General Expenses	1,683,728	1,510,030	1,579,262	1,388,427
Stadium: Operator costs	63,309	44,229	63,309	44,229
2010 World Cup costs	34,864	70,891	34,864	70,891
Stadium: Hire of temporary seating	10,779	23,451	10,779	23,451
	1,792,680	1,648,601	1,688,214	1,526,998
34. CASH GENERATED FROM OPERATIONS				
Surplus for the year	2,214,154	1,781,622	2,226,098	1,858,425
Adjustments for:				
Depreciation - property, plant and equipment	1,395,536	1,160,212	1,326,977	1,094,060
Amortisation of intangibles	98,345	95,079	97,043	94,132
Depreciation of investment properties	4,325	3,932	1,805	1,829
Surplus on sale of assets	(48,851)	(78,943)	(48,655)	(78,943)
Deficit on sale of assets	653	56,050	105	56,000
Contribution to bad debt provision	324,980	574,189	324,315	572,984
Reversal of loss on Impairment: Loans to Municipal Entities	-	-	(1,561)	-
Share of income from joint venture	-	-	(3,521)	(5,238)
Loss on Impairment of Investment in Municipal Entity	-	-	62,296	2,889
Interest earned - other	(219,621)	(303,606)	(211,764)	(289,846)
Finance Costs	692,195	484,290	687,345	480,942
Fair value adjustments	(47,538)	30,990	(47,538)	30,990
Movements in retirement benefit assets and liabilities	(27,180)	257,098	(27,180)	257,098
Contributions to provisions - non current	(7,426)	82,310	(7,426)	82,310
Contributions to provisions - current	1,477	(535)	1,490	(706)
Reversal of loss on impairment: PPE	(3,576)	-	(3,575)	(198)
Impairment Loss: PPE	458	46,996	458	46,488
Changes in working capital:				
Inventories	12,633	(4,811)	12,739	(3,597)
Decrease/(increase) in other debtors	117,199	(498,637)	13,930	(526,046)
Decrease/(increase) in consumer debtors	(679,255)	(759,270)	(674,980)	(788,054)
Increase in Creditors	(261,840)	(35,839)	(261,325)	(26,496)
Increase in deposits	150,822	123,232	147,470	124,848
(Decrease)/Increase in VAT	312,403	(77,692)	333,668	(78,067)
Increase in Unspent conditional grants and receipts	42,235	(189,767)	42,235	(189,735)
Increase in Deferred Income	(2,311)	(2,933)	-	-
	4,069,817	2,743,967	3,990,449	2,716,069

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
35. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities	10,209,951	8,767,324	10,110,456	8,674,686
Used to finance property, plant and equipment – at cost	(10,209,951)	(8,767,324)	(10,110,456)	(8,674,686)
	-	-	-	-
Cash set aside for the repayment of long-term liabilities	-	27,044	-	27,044

36. COMMITMENTS

36.1 Commitments in respect of capital expenditure

Approved and contracted for				
• Infrastructure	498,217	561,299	498,217	561,299
• Community	40,046	39,965	40,046	39,965
• Land and buildings	28	7,096	28	7,096
• Other assets	21,194	30,384	21,194	30,384
Approved but not yet contracted for				
• Infrastructure	766,395	884,882	766,395	884,882
• Community	48,250	117,525	48,250	117,525
• Other	4,689	16,164	4,689	16,164
Land and Buildings	110	1,450	110	1,450
Total	1,378,929	1,658,765	1,378,929	1,658,765

Operating leases – as lessee (expenditure)

Minimum lease payments due

- within one year	30,881	27,914	30,881	27,914
- in second to fifth year inclusive	111,398	83,744	111,398	83,744
- later than five years	102,714	33,184	102,714	33,184
	244,993	144,842	244,993	144,842

36.2 Operating leases – as lessor (income)

The future minimum lease payments receivable under operating leases are as follows:

- within one year	18,243	19,103	-	-
- in second to fifth year inclusive	31,907	43,931	-	-
	50,150	63,034	-	-

Durban Marine Theme Park Pty (Ltd) : The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 31 March 2017. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.

ICC Durban Pty (Ltd) : In the prior-year the operating leases relate to rental contracts derived from ICC Durban Pty (Ltd). The lease agreements were entered into on various dates and will be operational for varying periods. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 12%.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

37. CONTINGENCIES

Contractual Disputes	1,123	-	1,123	-
----------------------	-------	---	-------	---

Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	25,759	47,676	25,759	47,676
------------------------	--------	--------	--------	--------

Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

Property Rates	60,009	52,314	60,009	52,314
----------------	--------	--------	--------	--------

During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response may lodge an appeal in terms of the MPRA. The appeals process will commence in the near future, once an appeals board has been established by Provincial Treasury to resolve appeals. The valuers from eValuations will be required to attend the appeals hearing in terms of Section 75(3) of the MPRA and their contract. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed.

Bank Guarantees	15,509	15,508	15,509	15,508
-----------------	--------	--------	--------	--------

These guarantee's are issued in favour of the following:

- The Member(s), Jeena's Warehouse Close Corporation: R3.6m (Standard Bank) dated 11 November 1998;
- S.A. Post Office: R0.008m (Standard Bank) dated 11 December 1998;
- S.A. Post Office: R1.9m (Standard Bank) dated 11 August 2004;
- ESKOM Holdings: R7 800 (Standard Bank);
- Durban Marine Theme Park: R10m (First National Bank) dated 29 January 2009.

Legal Claims	151,379	1,250	151,379	1,250
--------------	---------	-------	---------	-------

Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.

Legal disputes relate to:

Rental charge R4.1m;

Value of compensation in respect of expropriation of various properties R13.2m;

Price charged in respect of AC Relay Project R108.9m;

Various claims for Damages: R5.1m;

Cancellation of Contract R20m.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010

38. RELATED PARTIES

Relationships

Municipal Entities	Durban Marine Theme Park (Proprietary) Limited I.C.C. Durban (Proprietary) Limited Refer to note 13
Joint Venture	Ethekewini Transport Authority Riverhorse Valley Joint Venture Refer to note 15
Councillors / Official with significant influence	Durban Infrastructural Development Trust Trustees: G.M. Borman - Councillor R.D. Macpherson - Councillor V.G. Reddy - Councillor J. Balwanth - Council Official M. Tembe - Independent 3rd party P. Ngcobo - Independent 3rd party K. Raganandan - Independent 3rd party
Councillors / Officials with significant influence	Metro Club Trust Fund Trustees: Z.R.T. Gumede - Councillor V.G. Reddy - Councillor B.N. Magwaza - Council Official S.O. Cele - Council Official

Related party balances

Loan accounts - Owning by related parties

I.C.C. Durban (Proprietary) Limited	-	226,590
Durban Marine Theme Park (Proprietary) Limited	-	1,561
Loans fully impaired	-	(228,151)
Durban Infrastructural Development Trust	140,402	136,237
	140,402	136,237

Amounts included in Trade Receivable regarding related parties

I.C.C. Durban (Proprietary) Limited	1,467	984
Durban Marine Theme Park (Proprietary) Limited	1,388	316
Metro Club Trust Fund	2,422	2,422
	5,277	3,722

Amounts included in Trade Payable regarding related parties

I.C.C. Durban (Proprietary) Limited	4,040	1,375
Durban Marine Theme Park (Proprietary) Limited	172	337
Ethekewini Transport Authority	50,973	62,548
	55,185	64,260

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

38. Related parties (continued)

Related party transactions

Sales to related parties

I.C.C. Durban (Proprietary) Limited:

Electricity	7,782	6,255
Water	886	574
Operating Lease Rentals - Centrum Parking	-	144
Gross Rates	17,536	17,790
Grant-in-Aid (Rates)	(10,500)	(10,500)
Durban Marine Theme Park (Proprietary) Limited		
Electricity	13,876	11,773
Water	3,721	3,851
Riverhorse Valley Joint Venture		
Electricity and Water	42	25
Income from Joint Venture	3,521	5,328
	36,864	35,240

Purchases from related parties

I.C.C. Durban (Proprietary) Limited

General Expenses	12,582	7,818
Durban Marine Theme Park (Proprietary) Limited		
General Expenses	1,774	2,295
Ethekekwini Transport Authority	-	-
General Expenses	2,500	10,489
	16,856	20,602

39. PRIOR YEAR ADJUSTMENTS

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality and Municipal Entities:

VAT:

City Fleet VAT adjustment on capital acquisitions in the period prior to 2009/10.

Debtors:

Reversal of over-provision of grant accrual in 2009/10.
Under-provision of rental accruals.

Consumer Debtors:

Adjustments as a result of valuation appeals.

Housing Development Fund:

Additional contribution from Accumulated Surplus to H.D.F. in respect of 2009/10.

Property, Plant and Equipment, Intangible Assets and Investment Properties:

In compliance with GRAP 17 useful lives of these assets were reviewed resulting in re-calculation of depreciation and amortisation amounts applicable to prior years.

Library books were capitalised for the first time which resulted in prior-year adjustments.

The comparative statements for the 2010 year have been restated to recognise the amendments relating to all of the above. The effects of the changes are detailed below:

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
39. PRIOR YEAR ADJUSTMENTS (continued)				
Property, Plant and Equipment				
Balance previously reported	-	29,578,931	-	28,399,160
Accumulated Depreciation Adjustment - Prior to 2009/10	-	46,949	-	46,949
Depreciation Adjustment - 2009/10	-	(6,777)	-	(6,777)
Capitalisation of Library Books (cost) - prior to 2009/10	-	92,484	-	92,484
Capitalisation of Library Books (cost) - 2009/10	-	9,319	-	9,319
Capitalisation of Library Books (depreciation) - prior to 2009/10	-	(70,541)	-	(70,541)
Capitalisation of Library Books (depreciation) - 2009/10	-	(8,177)	-	(8,177)
City Fleet - VAT Capitalisation adjustment - prior to 2009/10	-	2,434	-	2,434
Durban Marine Theme Park adjustment - prior to 2009/10	-	(13,679)	-	-
Durban Marine Theme Park adjustment - 2009/10	-	(2,773)	-	-
	-	29,628,170	-	28,464,851
Intangible Assets				
Balance previously reported	-	326,488	-	324,838
Accumulated Amortisation Adjustment - Prior to 2009/10	-	4,566	-	4,566
Amortisation Adjustment - 2009/10	-	(756)	-	(756)
	-	330,298	-	328,648
Investment Properties				
Balance previously reported	-	430,964	-	296,285
Accumulated Depreciation Adjustment - Prior to 2009/10	-	(27,706)	-	(27,706)
Depreciation Adjustment - 2009/10	-	(1,438)	-	(1,438)
Durban Marine Theme Park adjustment - prior to 2009/10	-	1,133	-	-
Durban Marine Theme Park adjustment - 2009/10	-	251	-	-
	-	403,204	-	267,141

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
39. PRIOR YEAR ADJUSTMENTS (continued)				
Housing Development Fund				
Balance previously reported	-	292,225	-	292,225
Transfer from Accumulated Surplus	-	49,000	-	49,000
	-	341,225	-	341,225
Accumulated Surplus				
Balance previously reported	-	21,251,154	-	20,657,169
Accumulated Depreciation adjustment: PPE - prior to 2009/10	-	46,949	-	46,949
Depreciation adjustment: PPE - 2009/10	-	(6,777)	-	(6,777)
Capitalisation of Library Books: General Expenses - prior to 2009/10	-	92,484	-	92,484
Capitalisation of Library Books: General Expenses - 2009/10	-	9,319	-	9,319
Capitalisation of Library Books: Depreciation - prior to 2009/10	-	(70,541)	-	(70,541)
Capitalisation of Library Books: Depreciation - 2009/10	-	(8,177)	-	(8,177)
Accumulated Depreciation adjustment: Investment Properties - prior to 2009/10	-	(27,706)	-	(27,706)
Depreciation adjustment: Investment Properties - 2009/10	-	(1,438)	-	(1,438)
Accumulated Amortisation adjustment: Intangibles - prior to 2009/10	-	4,566	-	4,566
Amortisation adjustment: Intangibles - 2009/10	-	(756)	-	(756)
Transfer to Housing Development Fund - 2009/10	-	(49,000)	-	(49,000)
Reversal of M.I.G. Grant recognised as revenue - 2009/10	-	(21,740)	-	(21,740)
Debtors: Rental of Facilities adjustment - prior to 2009/10	-	298	-	298
Debtors: Rental of Facilities adjustment - 2009/10	-	47	-	47
Consumer Debtors: Rates Income adjustment - prior to 2009/10	-	(159,075)	-	(159,075)
Consumer Debtors: Rates Income adjustment - 2009/10	-	(114,264)	-	(114,264)
Durban Marine Theme Park PPE adjustment - prior to 2009/10	-	(13,679)	-	-
Durban Marine Theme Park PPE adjustment - 2009/10	-	(2,773)	-	-
Durban Marine Theme Park Investment Property adjustment - prior to 2009/10	-	1,133	-	-
Durban Marine Theme Park Investment Property adjustment - 2009/10	-	251	-	-
	-	20,930,275	-	20,351,358

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
39. PRIOR YEAR ADJUSTMENTS (continued)				
Consumer Debtors				
Balance previously reported	-	2,493,003	-	2,492,460
Rates adjustments - prior to 2009/10	-	(159,073)	-	(159,073)
Rates adjustments - 2009/10	-	(114,264)	-	(114,264)
	-	2,219,666	-	2,219,123
Other Debtors				
Balance previously reported	-	2,892,821	-	2,764,856
Reversal of Accrual for M.I.G. Grant - 2009/10	-	(21,740)	-	(21,740)
Rental of Facilities adjustment - prior to 2009/10	-	298	-	298
Rental of Facilities adjustment - 2009/10	-	47	-	47
	-	2,871,426	-	2,743,461
VAT				
Balance previously reported	-	354,053	-	378,284
City Fleet - PPE Capitalisation adjustment	-	(2,434)	-	(2,434)
	-	351,619	-	375,850
40. TRAFFIC FINES				
Traffic fines issued but not yet recovered at year end.	1,118,032	1,022,657	1,118,032	1,022,657

The recoverability of outstanding traffic fines is uncertain.

41. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's C(1) and C(2).

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
Cases reported during the 2010/11 year are included below:				
Supplier double charges on VAT resulting in overpayment	-	1,035	-	1,035
Supplier overcharging of 10% administration fee	-	49	-	49
Supplier irregular invoicing resulting in overcharging	-	121	-	121
Payments without any invoice	-	17	-	17
Irregular awarding of refurbishing work and repairs to Metro Police Vehicles	-	43	-	43
The irregular expenditure relating to Housing was awarded to contractors / consultants in accordance with Council's delegated authority to the Head of Housing dated 11/11/1997, to enter into contracts for housing development in terms of National Housing Programs. This expenditure is deemed to be irregular as the expenditure was not reported to the Accounting Officer for disclosure purposes. In the procurement of these goods and services due care was taken to ensure that Council received value for money without compromising quality and with minimum risk to Council.	576,905	428,869	576,905	428,869
Parks, Recreation & Culture: Non-compliance with S.C.M. - splitting of orders	2,247	6,820	2,247	6,820
Non-compliance with S.C.M. - various	612,014	-	612,014	-
49 awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality	26,888	6,831	26,888	6,831
123 awards made to 109 entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	-	44,265	-	44,265
7 awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality as Councillors	16,978	11,436	16,978	11,436
Consultant appointment non-compliance with SCM: variation order	-	10,813	-	10,813
Durban Marine Theme Park (Pty) Ltd. - Non-compliance with Supply Chain Management policy	-	3,156	-	-
I.C.C. Durban (Pty) Ltd. - Non-compliance with Supply Chain Management policy	10,830	19,121	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Investigations are still in progress regarding 10 other cases (2010: 15), the details of which are summarised as follows:				
• 9 cases (2010: 8) relating to non-compliance with Supply Chain Management policy totalling R2.1million (2010: R38.9million).				
• 1 case (2010: 2) relating to contractual overpayments totalling R0.3million (2010: R0.4million).				
Irregular expenditure				
Reconciliation of irregular expenditure				
Opening balance	915,680	383,664	874,315	364,526
Irregular expenditure current year	1,245,862	532,576	1,235,032	510,299
Recoveries / Condonements current year	(1,194,230)	(510)	(1,194,230)	(510)
I.C.C. Durban (Pty) Ltd. - Recovery /Written off current year	(29,951)	(50)	-	-
Irregular expenditure awaiting condonement	937,361	915,680	915,117	874,315

A report, in terms of section 170 (2) of the Municipal Finance Management Act No. 56 of 2003, has been submitted to National Treasury for the condonation of irregular expenditure .

43. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organized local government				
Council subscriptions	9,100	6,000	9,100	6,000
Amount paid - current year	(9,100)	(6,000)	(9,100)	(6,000)
Balance unpaid (included in creditors)	-	-	-	-
Audit fees				
Current year audit fee	3,916	2,695	2,858	1,690
Previous years audit fee	11,755	9,432	11,675	8,976
Amount paid - current year	(3,916)	(2,695)	(2,858)	(1,690)
Amount paid - previous years	(11,755)	(9,432)	(11,675)	(8,976)
Balance unpaid (included in creditors)	-	-	-	-
VAT				
VAT received(paid) for the year	642,456	570,714	619,177	649,910
PAYE and UIF				
Opening balance	-	292	-	-
Current year payroll deductions	678,318	568,306	668,821	563,332
Amount paid - current year	(677,997)	(568,306)	(668,821)	(563,332)
Amount paid - previous years	-	(292)	-	-
Balance unpaid (included in creditors)	321	-	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2011	2010	2011	2010
Pension and Medical Aid Deductions				
Opening balance	-	479	-	-
Current year payroll deductions and Council Contributions	1,144,787	1,004,990	1,131,640	1,002,383
Amount paid - current year	(1,144,190)	(1,004,990)	(1,131,640)	(1,002,383)
Amount paid - previous years	-	(479)	-	-
Balance unpaid (included in creditors)	597	-	-	-

Councillors arrears

The following Councillors had arrear accounts outstanding for more than 90 days at any point of the respective financial years:

30 June 2011	<u>Amount Outstanding Rands</u>
Councillor Bayeni M	2,472
Councillor Moyo F	7,293
	<u>9,765</u>

30 June 2010	<u>Amount Outstanding Rands</u>
Councillor Mabaso M	1,554
Councillor Majola	1,936
Councillor Ngwane B	420
Councillor Hoosman N	17,149
Councillor Shabalala A	2,774
Councillor Gangile T	364
Councillor Zwane P	272
Councillor Cele G	5,605
Councillor Bhengu M	3,323
Councillor Magubane Z.E. (amount in dispute)	52,764
Councillor Magwaza T.D. (amount in dispute)	8,815
	<u>94,976</u>

44. COMPARATIVE FIGURES

Certain comparative figures have been restated (refer note 39 for details).

45. TAXATION

No provision has been made for the taxation of municipal entities as they have an assessed loss of R378 083 619 (2010: R423 689 449), which is available for set-off against future taxable income. No deferred tax asset has been raised.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

46. LEASES (INCOME) - LESSOR

Rental income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons:

Approximately 50% of lease income is short term ie. the lease is terminable at 1 to 3 months notice;
Approximately 45% of long term lease income is based on turnover ie. subjective and not fixed.

Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

47. BIOLOGICAL ASSETS

Group	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Birds	36	-	36	-	-	-

Reconciliation of biological assets - Group - 2011

	Opening Balance	Additions	Total
Birds	-	36	36

48. DISCLOSURE IN TERMS OF SUPPLY CHAIN MANAGEMENT POLICY

During the year there were contracts awarded of more than R2 000 to various employees of council or people who are spouse's, children or parents of people in the service of the municipality amounting to R26.9million (2010: R85.7 million) and awards of R16.9million(2010: R11.4million) to companies of which councillor's or close family members of councillor's are shareholders or directors.

Contract awards in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to:

Municipality: R469 million (2010: R1.049billion);

Durban Marine Theme Park (Pty) Ltd.: R3.9 million (2010: R12.4million);

I.C.C. Durban (Pty) Ltd.: R1.1 million (2010: R4.9 million).

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

49. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

Financial Risk Management

The Municipality has exposure to the following risks from its use of Financial Instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

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. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the municipality's liquidity risk Promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Categories of Financial Instruments - Group:

	2011	2010
Financial Assets:		
Investments and Receivables		
Investments	2,450,000	327,044
Cash and cash equivalents	824,026	1,572,514
Long-term receivables	288,404	304,021
Consumer Debtors	2,573,941	2,219,666
Debtors	2,753,845	2,871,426
	<hr/>	<hr/>
Financial Liabilities:		
Liabilities and Creditors		
Long-term liabilities	10,209,951	8,767,324
Creditors	4,441,190	4,705,860
	<hr/>	<hr/>

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Investments	2,450,000	2,450,000	327,044	327,044
Long-term receivables	299,997	288,404	326,727	304,021
Consumer Debtors	2,573,941	2,573,941	2,569,788	2,569,788
Debtors	2,754,658	2,753,845	2,871,857	2,871,426
Long-term Liabilities	10,209,951	10,209,951	8,767,324	8,767,324
Creditors	4,456,291	4,441,190	4,718,131	4,705,860
	<hr/>	<hr/>	<hr/>	<hr/>

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

49. FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments - Municipality:

	2011	2010
Financial Assets:		
Investments and Receivables		
Investments	2,450,000	327,044
Cash and cash equivalents	657,678	1,440,863
Long-term receivables	288,404	304,021
Consumer Debtors	2,569,788	2,219,123
Debtors	2,729,149	2,743,461
	<hr/>	<hr/>
Financial Liabilities:		
Liabilities and Creditors		
Long-term liabilities	10,110,456	8,674,686
Creditors	4,443,134	4,707,289
	<hr/>	<hr/>

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Investments	2,450,000	2,450,000	327,044	327,044
Long-term receivables	299,997	288,404	326,727	304,021
Consumer Debtors	2,569,788	2,569,788	2,219,123	2,219,123
Debtors	2,729,962	2,729,149	2,743,892	2,743,461
Long-term Liabilities	10,110,456	10,110,456	8,674,686	8,674,686
Creditors	4,458,235	4,443,134	4,719,560	4,707,289
	<hr/>	<hr/>	<hr/>	<hr/>

Basis for determining fair value:

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

Debtors and Creditors:

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are details of the contractual maturities of financial liabilities:

Standard Bank:

Ethekwini Municipality - Derivative Trading: R70 000 000;
 Ethekwini Municipality - Letter of Credit: R1 500 000;
 Ethekwini Municipality - Performance guarantee: R6 000 000;
 Ethekwini Municipality - Overdraft: R200 000 000;
 I.C.C. Durban - Credit card: R228 000;
 I.C.C. Durban - Performance guarantee: R550 000.

The total of these facilities amount to R278 278 000.

GROUP:	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
30 June 2011				
Long-term Liabilities	10,209,951	10,209,951	693,376	9,516,575
Creditors	4,456,291	4,456,291	4,354,076	102,215
30 June 2010				
Long-term Liabilities	8,767,324	8,767,324	524,974	8,242,350
Creditors	4,718,131	4,718,131	4,662,463	55,668
MUNICIPALITY:				
30 June 2011				
Long-term Liabilities	10,110,456	10,110,456	692,416	9,418,040
Creditors	4,458,235	4,458,235	4,356,020	102,215
30 June 2010				
Long-term Liabilities	8,674,686	8,674,686	524,974	8,149,172
Creditors	4,707,289	4,707,289	4,651,621	55,668

Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). All long-term debt is at fixed rates.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

49. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a 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.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

Financial instrument	Group - 2011	Group - 2010	Municipality - 2011	Municipality - 2010
Consumer Debtors	2,573,941	2,219,666	2,569,788	2,219,123
Other Debtors	2,753,845	2,871,426	2,729,149	2,743,161
Cash and Cash Equivalents	824,026	1,572,514	657,678	1,440,863

The ageing of trade receivables at the reporting date was as follows:

Consumer Debtors:				
Gross				
0 - 30 days	1,387,906	1,320,209	1,387,220	1,319,054
31 - 120 days	489,749	433,334	491,068	433,666
More than 120 days	2,688,116	2,363,621	2,680,285	2,360,643
Less: Provision for Bad Debts	(1,991,830)	(1,897,498)	(1,988,785)	(1,894,240)
Net Consumer Debtors	2,573,941	2,219,666	2,569,788	2,219,123
Movement in the provision for Bad Debts:				
Balance at beginning of year	2,024,708	1,881,179	2,021,510	1,919,680
Contribution	324,980	574,189	324,315	572,984
Bad debts written off	(278,541)	(430,660)	(398,699)	(471,154)
Balance at year end	2,071,147	2,024,708	1,947,126	2,021,510

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

50. MATERIAL LOSSES

Water:

Significant water losses of 104,321,876 kl (2010: 124,847,528 kl) occurred during the year under review, which resulted in material revenue losses to the municipality. The estimated water losses amounting to R360,4m (2010: R406,2m) were due mainly to deterioration in the water reticulation system and water theft. The acceptable norm in developing countries is a water loss of 20%. The loss above the norm amounts to R143.3m (2010: R189.6m). Since the 2007 financial year the municipality has embarked on an AC-Mains replacement programme to replace ageing infrastructure, which was completed in the 2011 financial year. In addition other water loss interventions have been implemented, namely Pressure Reduction Valves, Advanced Pressure Management, Leak detection and Repair Regularising of Illegal Connections and Informal Area Metering to reduce water loss.

Electricity:

Significant electricity losses of 630,883,534kWh (2010: 567,719,675 kWh) occurred during the year under review which resulted in material revenue losses to the municipality. These estimated electricity losses amounted to R262.8m (2010: R160.4m). The norm for electricity losses is 3% which is as a result of transmission losses. The loss incurred by the municipality is 5.5% (2010:5.2%) and is therefore due to a combination of transmission losses and losses due to illegal connections.

Bad Debts written off:

Debt of R271m (2010:456m) was written off during the year. 30% of the debt written off was interest raised on prescribed debt. Only the capital amount was written off in the previous year, in the current year interest relating to this debt was written off. Prescribed debt is debt that cannot be legally recovered. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on debt that can still be recovered. This debt was written off in terms of Prescription Act which forbids the Municipality to recover prescribed debt as advised by our legal advisor. 38% of the debt written off was rental debt owed by Hostel residents.

Durban Marine Theme Park (Pty) Ltd. :

Debts totalling R0.1m (2010: R1.2m) were impaired in the current year as they were no longer recoverable.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

51. BANK BALANCES

Account number - Bank - Account Description	Cash Book Balance 30June 2011	Bank Statement balance 30June 2011	Cash Book Balance 30June 2010	Bank Statement balance 30June 2010
62085728106 - FNB - Main Expenditure	-	-	57,547	(361,867)
050134353 - Standard Bank - Main Expenditure	3,872	(59,644)	-	-
62085728263 - FNB - Main Expenditure EFT	-	-	33	(758,878)
050133535 - Standard Bank - Main Expenditure EFT	(975)	(843,485)	-	-
62085720722 - FNB - Direct Deposits Account	-	2,066	10,179	290,851
050133969 - Standard Bank - Direct Deposits Account	8,884	280,413	-	-
62085725855 - FNB - Electronic Deposits Account	-	4,274	26,384	1,343,203
050134116 - Standard Bank - Electronic Deposits Account	23,897	1,527,204	-	-
62085729948 - FNB - Cashiers Deposit Account	-	-	(8,892)	156,139
050134132 - Standard Bank - Cashiers Deposit Account	(5,948)	476,770	-	-
62085730119 - FNB - Government Deposit Account	-	-	25,190	595,304
050134140 - Standard Bank - Government Deposit Account	6,759	80,233	-	-
62085721952 - FNB - Electricity Income Account	-	-	1,899	9,984
050134655 - Standard Bank - Electricity Income Account	2,062	6,958	-	-
62085721481 - FNB - Electricity Prepaid Vendor Deposits	-	-	10,267	54,525
050134671 - Standard Bank - Electricity Prepaid Vendor Deposits	2,830	48,979	-	-
62085729071 - FNB - SARS E-Filing Account	-	-	-	-
050134469 - Standard Bank - SARS E-Filing Account	6,102	6,102	-	-
62085725996 - FNB - Dishonoured Cheques Account	-	-	(1,103)	(2,196)
050134442 - Standard Bank - Dishonoured Cheques Account	(2,383)	(999)	-	-
050073117 - Standard Bank - Main Expenditure Bank	20	20	262	262
62116972599 - FNB - Housing Operating Account	-	-	-	-
62085721275 - FNB - Mayors Relief Account	-	-	-	-
62085721332 - FNB - Direct Debit Collections Account	-	-	-	54,431
050133993 - Standard Bank - Direct Debit Collections Account	-	67,509	-	-
62085721762 - FNB - Transwitch Account	-	-	81	99,390
050134019 - Standard Bank - Transwitch Account	(1,588)	118,401	-	-
62085722546 - FNB - Agents Deposit Account	-	-	21,804	84,484
050134094 - Standard Bank - Agents Deposit Account	1,778	77,055	-	-
62085722877 - FNB - Metro Police Deposit Account	-	-	-	3,882
050134213 - Standard Bank - Metro Police Deposit Account	-	3,937	-	-
62085729790 - FNB - Metro Police Transwitch Deposit Account	-	-	-	1,016
050134183 - Standard Bank - Metro Police Transwitch Deposit Account	-	590	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

62085723495 - FNB - Parks, Recreation and Culture Deposit Acc.	-	-	211	(1,106)
050134248 - Standard Bank - Parks, Recreation and Culture Deposit Acc.	457	2,647	-	-
62085723776 - FNB - City Engineers Account	-	-	398	3,187
050134264 - Standard Bank - City Engineers Account	365	4,204	-	-
62085724992 - FNB - Durban Tourism Deposit Account	-	-	105	151
050134272 - Standard Bank - Durban Tourism Deposit Account	-	158	-	-
050134531 - Standard Bank - Central Foreign Rand Account	-	(975)	-	-
050134574 - Standard Bank - Water Foreign Rand Account	-	253,041	-	-
62085729534 - FNB - Virginia Airport Account	-	-	1	434
050134299 - Standard Bank - Virginia Airport Account	21	819	-	-
62116972755 - FNB - Department of Housing Account	-	-	825	8,521
050134329 - Standard Bank - Department of Housing Account	2	92,114	-	-
62085728908 - FNB - Sundry PAYE Account	-	-	472	472
050134450 - Standard Bank - Sundry PAYE Account	458	485	-	-
62085729245 - FNB - Cash Payments Account	-	-	91	(752)
050134507 - Standard Bank - Cash Payments Account	25	(1,167)	-	-
62088851764 - FNB - Refunds Expenditure Account	-	-	4,543	218
050134426 - Standard Bank - Refunds Expenditure Account	29,338	844	-	-
62085724542 - FNB - Water and Sanitation Services Expenditure Acc.	-	-	365	(928)
050134582 - Standard Bank - Water and Sanitation Services Expenditure Account	457	(1,208)	-	-
62085724732 - FNB - Water and Sanitation Services EFT Account	-	-	3	(306,256)
050133616 - Standard Bank - Water and Sanitation Services EFT Account	(307)	(542,174)	-	-
62085722348 - FNB - Electricity Expenditure Account	-	-	(7,255)	(7,256)
050134701 - Standard Bank - Electricity Expenditure Account	(714)	(616)	-	-
62085722463 - FNB - Electricity EFT Account	-	-	(362,593)	(362,593)
050133608 - Standard Bank - Electricity EFT Account	(530,421)	(530,421)	-	-
62085738750 - FNB - Salaries Account	-	-	-	(201,285)
050133586 - Standard Bank - Salaries Account	48,494	(335,960)	-	-
62085727661 - FNB - Durban Fresh Produce Market Account	-	-	10,594	10,508
050134590 - Standard Bank - Durban Fresh Produce Market Account	13,040	13,016	-	-
62151500496 - FNB - CIFAL Durban Account	-	-	1,336	1,336
050134515 - Standard Bank - CIFAL Durban Account	20	20	-	-
62085727116 - FNB - General Bank Account	-	-	115,986	(662,710)
050134493 - Standard Bank - General Bank Account	391,782	(692,687)	-	-
62085729378 - FNB - Bank Charges Account	-	-	-	(1,285)
050134434 - Standard Bank - Bank Charges Account	(28)	271	-	-
62246569191 - FNB - 2010 Host City Operating Account	-	-	26,000	26,000

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

62121186705 - FNB - 2010 Soccer Grant Account	-	-	65,286	8,567
050134345 - Standard Bank - 2010 Soccer Grant Account	1,710	1,710	-	-
Totals: ETHEKWINI MUNICIPALITY				
Bank balances	542,373	3,089,640	379,862	2,752,865
Bank overdraft	(542,364)	(3,009,336)	(379,843)	(2,667,112)
Durban Marine Theme Park (Proprietary) Limited:				
50003801489 - Investec Bank - Business Account	21,224	21,224	13,082	13,082
50003530849 - Investec Bank - Account	-	-	3,031	3,031
100027X021905914 - RMB - Account	2,338	2,338	8,000	8,000
62205707732 - FNB Durban - Current Account	-	-	1,568	1,568
62205752282 - FNB Durban - Retail Bank Account	-	-	360	360
050139452 - Standard Bank - Retail Bank Account	202	202	-	-
050139495 - Standard Bank - Schools Account	9	9	-	-
050139509 - Standard Bank - Main Deposit Account	2,537	2,537	-	-
443362 - Investec Bank - Account	10,275	10,275	-	-
I.C.C. Durban (Proprietary) Limited:				
50226959 - Standard Bank	194	194	1,266	1,266
332845 - Standard Bank	-	-	-	-
50881201632 - FNB	1,920	1,920	1,608	1,608
50018949 - Standard Bank	1	1	616	616
62205575387 - FNB	336	336	323	323
50138162 - Standard Bank	6,232	6,232	-	-
50138197 - Standard Bank	392	392	-	-
Effingham Development Joint Venture:				
Bank Balances	28,024	-	14,311	-
Totals: MUNICIPAL ENTITIES				
Bank balances	73,684	45,660	44,165	29,854
Totals: GROUP				
Bank balances	616,057	3,135,300	424,027	2,782,719
Bank overdraft	(542,364)	(3,009,336)	(379,843)	(2,667,112)

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

52: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/10	Received during the year	(Redeemed) / Interest Capitalised during this period	Balance at 30/06/11
		<u>%</u>		<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
LONG TERM LOANS							
Stock Loan	K34	14.6	30/06/2013	200	0	0	200
Total Stock Loans				200	0	0	200
FRB PN	1/58	Variable	30/06/2016	203,074	0	(13,872)	189,202
INCA INDWA	1/66	9.52	30/06/2020	402,487	0	(25,582)	376,905
Nedbank Ltd	1/67	8.47	31/03/2021	764,600	0	(44,389)	720,211
DBSA Ph 1	P1	13.5	30/09/2017	481,330	0	(39,957)	441,373
DBSA Ph 2	P2	Variable	31/03/2016	219,723	0	(31,854)	187,869
DBSA Ph 3	P3	12.9	30/09/2017	324,987	0	(25,215)	299,772
DBSA Ph 4	P4	10.4	30/06/2019	432,668	0	(31,010)	401,658
DBSA Ph 5	P5	8.9	30/06/2020	251,995	0	(15,351)	236,644
DBSA Ph 6	P5	8.75	30/06/2022	710,385	0	(35,438)	674,947
DBSA Ph 7	P7	8.3	02/01/2028	2,780,340	0	(71,055)	2,709,285
Nedbank Ltd 7 yrs	1/70	10.09	28/02/2017	516,724	0	(53,768)	462,956
Nedbank Ltd 5 yrs	1/71	9.21	30/04/2015	507,696	0	(84,176)	423,520
RMB	1/72	10.28	30/06/2025	1,000,000	0	(30,190)	969,810
AFD Calyon	1/68	9.52	31/12/2018	55,477	0	(6,527)	48,950
ABSA 7 yrs	1/73	8.73	29/09/2017		1,000,000	(32,846)	967,154
ABSA 7 yrs	1/68	9.52	31/02/2018		1,000,000		1,000,000
Total Annuity Loans				8,651,486	2,000,000	(541,230)	10,110,256
ABSA	1/64	Variable	31/10/2010	23,000	0	(23,000)	0
Total Non Annuity Loans				23,000	0	(23,000)	0
TOTAL EXTERNAL LOANS				8,674,686	2,000,000	(564,230)	10,110,456

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 20 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

52: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/10	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/11
		%		<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
<u>DURBAN MARINE THEME PARK:</u>							
LONG TERM LOANS							
Debenture Stock		13		87,706	0	7,492	95,198
Total Stock Loans				87,706	0	7,492	95,198
DBSA - Village Walk		8.5		4,932	0	-635	4,297
Total Annuity Loans				4,932	0	-635	4,297
TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)				92,638	0	6,857	99,495
TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY				8,674,686	2,000,000	-564,230	10,110,456
GROUP TOTAL:				8,767,324	2,000,000	-557,373	10,209,951

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

NOTE 53: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011 - GROUP

Description	Current Year 2010/11								
	R thousands	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Financial Performance									
Property rates	4 212 852	132 700	4 345 552	4 056 102		(289 450)	93%	96%	
Service charges	10 483 983	14 691	10 498 674	9 917 652		(581 022)	94%	95%	
Investment revenue	289 467	30 258	319 725	219 621		(100 104)	69%	76%	
Transfers recognised - operational	1 595 398	151 214	1 746 612	1 598 043		(148 568)	91%	100%	
Other own revenue	2 078 272	(66 025)	2 012 247	3 328 949		1 316 702	165%	160%	
Total Revenue (excluding capital transfers and contributions)	18 659 973	262 838	18 922 810	19 120 367		197 557	101%	102%	
Employee costs	5 005 245	36 738	5 041 983	4 924 241		117 742	98%	98%	
Remuneration of councillors	74 596	–	74 596	77 919		(3 323)	104%	104%	
Debt impairment	359 935	(6 000)	353 935	324 980		28 955	92%	90%	
Depreciation & asset impairment	1 428 494	–	1 428 494	1 498 664		(70 170)	105%	105%	
Finance charges	896 381	222 147	1 118 528	692 195		426 333	62%	77%	
Materials and bulk purchases	5 998 643	7 000	6 005 643	5 495 517		510 126	92%	92%	
Transfers and grants	159 516	7 603	167 119	142 621		24 498	85%	89%	
Other expenditure	4 840 810	(10 262)	4 830 548	4 742 962		87 586	98%	98%	
Total Expenditure	18 763 621	257 226	19 020 847	17 899 099		1 121 748	94%	95%	
Surplus/(Deficit)	(103 648)	5 611	(98 037)	1 221 268		(1 319 305)	-1246%	-1178%	
Transfers recognised - capital	2 070 869	(24 223)	2 046 646	992 886		1 053 760	49%	0%	
Contributions recognised - capital & contributed assets	–	–	–	–		–			
Surplus/(Deficit) after capital transfers & contributions	1 967 221	(18 612)	1 948 609	2 214 154		265 545	114%	113%	
Share of surplus/ (deficit) of associate	–	–	–	–		–	0%	0%	
Surplus/(Deficit) for the year	1 967 221	(18 612)	1 948 609	2 214 154		265 545	114%	113%	

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

NOTE 53: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011 - MUNICIPALITY

Description	Current Year 2010/11								
	R thousands	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Financial Performance									
Property rates	4 212 852	132 700	4 345 552	4 074		(4 341 479)	0%	0%	
Service charges	10 483 983	14 691	10 498 674	9 917 959		(580 715)	94%	95%	
Investment revenue	169 023	44 222	213 245	211 764		(1 481)	99%	125%	
Transfers recognised - operational	1 595 398	151 214	1 746 612	1 598 043		(148 568)	91%	100%	
Other own revenue	2 078 272	(66 025)	2 012 247	7 155 825		5 143 578	356%	344%	
Total Revenue (excluding capital transfers and contributions)	18 539 528	276 802	18 816 330	18 887 665		71 335	100%	102%	
Employee costs	5 005 002	36 738	5 041 740	4 822 931		218 809	96%	96%	
Remuneration of councillors	74 596	-	74 596	77 919		(3 323)	104%	104%	
Debt impairment	359 935	(6 000)	353 935	324 315		29 620	92%	90%	
Depreciation & asset impairment	1 428 494	-	1 428 494	1 411 334		17 160	99%	99%	
Finance charges	889 490	222 147	1 111 637	687 345		424 292	62%	77%	
Materials and bulk purchases	5 998 643	7 000	6 005 643	5 495 517		510 126	92%	92%	
Transfers and grants	159 516	7 603	167 119	142 621		24 498	85%	89%	
Other expenditure	4 588 258	17 711	4 605 970	4 695 992		(90 022)	102%	102%	
Total Expenditure	18 503 935	285 200	18 789 135	17 657 974		1 131 161	94%	95%	
Surplus/(Deficit)	35 593	(8 398)	27 195	1 229 691		(1 202 496)	4522%	3455%	
Transfers recognised - capital	-	2 046 646	2 046 646	992 886		1 053 760	49%	0%	
Contributions recognised - capital & contributed as	-	-	-	-		-			
Surplus/(Deficit) after capital transfers & contributions	35 593	2 038 248	2 073 841	2 222 577		148 736	107%	6244%	
Share of surplus/ (deficit) of associate	-	-	-	3 521		3 521	0%	0%	
Surplus/(Deficit) for the year	35 593	2 038 248	2 073 841	2 226 098		152 257	107%	6254%	

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

NOTE 53: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011 - GROUP

Description	Current Year 2010/11							
	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
R thousands								
Capital expenditure & funds sources								
Capital expenditure	5 384 458	(244 800)	5 139 658	3 789 997		1 349 662	74%	70%
Transfers recognised - capital	2 070 420	(23 774)	2 046 646	998 865		1 047 782	49%	48%
Public contributions & donations	–	–	–	9 876		(9 876)		
Borrowing	2 280 000	–	2 280 000	2 000 000		280 000	88%	88%
Internally generated funds	1 034 038	(221 026)	813 012	781 256		31 756	96%	76%
Total sources of capital funds	5 384 458	(244 800)	5 139 658	3 789 997		1 349 662	74%	70%
Cash flows								
Net cash from (used) operating	3 289 371	(239 387)	3 049 984	3 597 243		(547 259)	118%	109%
Net cash from (used) investing	5 311 929	(244 751)	5 067 178	(5 793 668)		10 860 846	-114%	-109%
Net cash from (used) financing	1 868 263	224 614	2 092 877	1 442 630		650 247	69%	77%
Cash/cash equivalents at the year end	2 717 218	229 878	2 947 096	824 026		2 123 070	28%	30%

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand thousand

NOTE 53: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2011 - MUNICIPALITY

Description	Current Year 2010/11							Actual Outcome as % of Final Budget	Actual Outcome as a % of Original Budget
	R thousands	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance		
Capital expenditure & funds sources									
Capital expenditure	5 370 572	(244 800)	5 125 772	3 776 253		1 349 519	74%	70%	
Transfers recognised - capital	2 070 420	(23 774)	2 046 646	992 886		1 053 760	49%	48%	
Public contributions & donations	–	–	–	9 876		(9 876)			
Borrowing	2 280 000	–	2 280 000	2 000 000		280 000	88%	88%	
Internally generated funds	1 020 152	(221 026)	799 126	773 491		25 635	97%	76%	
Total sources of capital funds	5 370 572	(244 800)	5 125 772	3 776 253		1 349 519	74%	70%	
Cash flows									
Net cash from (used) operating	3 316 082	(239 387)	3 076 695	3 514 868		(438 173)	114%	106%	
Net cash from (used) investing	5 301 929	(244 751)	5 057 178	(5 733 823)		10 791 001	-113%	-108%	
Net cash from (used) financing	1 868 263	224 614	2 092 877	1 435 770		657 107	69%	77%	
Cash/cash equivalents at the year end	2 717 218	229 878	2 947 096	657 678		2 289 418	22%	24%	

54. ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011 - GROUP

	Cost / Revaluation						Accumulated Depreciations									Carrying Value
	Opening Balance	Opening Under Construction	Additions	Under Construction	Transfers	Closing Balance	Opening Balance	Opening Impairment	Prior Year Adjustments	Additions	Disposals	Impairments	Impairments Reversal	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land and Buildings																
Land	353,701	181	59,794	0	0	413,251	0	0	0	0	0	0	0	0	0	413,251
Buildings	4,118,785	87,330	268,841	28,915	252	4,501,929	689,299	603	15,656	131,151	-1,907	0	0	1,997	836,799	3,665,130
	4,472,486	87,511	328,635	28,915	252	4,915,180	689,299	603	15,656	131,151	-1,907	0	0	1,997	836,799	4,078,381
Infrastructure																
Roads	5,716,049	515,907	585,286	442,021	0	7,247,905	957,762	5,440	0	201,792	-616	0	0	0	1,164,378	6,083,527
Traffic Equipment & Ramps	443,200	118,623	40,367	-30,195	0	571,995	125,978	0	0	20,877	0	0	0	0	146,855	425,140
Stormwater Drainage	1,033,277	90,089	94,796	-42,364	0	1,175,798	120,825	0	0	17,179	0	0	0	0	138,004	1,037,794
Sewerage Pumps	34,685	23,491	208	13,073	0	71,457	7,760	0	0	79,997	0	0	0	0	87,757	-16,300
Sewerage Mains & Reticulation	2,132,905	744,840	195,967	-195,913	0	2,861,346	397,200	0	0	20	-5,282	0	0	0	391,938	2,469,408
Purification Works	95	111,613	0	-18,894	0	92,814	78	0	0	6	0	0	0	0	84	92,730
Refuse Sites & Transfer Stations	495,919	3,394	12,445	19,134	0	530,892	234,657	0	0	49,078	0	0	0	0	283,735	247,157
Water Mains & Reticulation	3,307,789	1,956,597	1,330,771	-82,415	0	6,510,914	365,575	0	0	73,423	-975	0	0	0	438,023	6,072,891
Water Reservoirs	293,637	44,456	0	16,459	0	354,552	41,835	15,531	0	4,531	0	-1	-1,493	0	60,403	294,149
General Infrastructure	123,235	146,723	0	37,167	0	307,125	21,727	0	0	12,130	0	0	0	0	33,857	273,268
Mains	2,030,960	100,295	130,330	3,042	0	2,264,319	621,353	0	-1,229	47,193	-85	0	0	0	667,232	1,597,087
Major Substations	1,442,344	294,194	131,180	145,044	0	2,010,476	473,622	233	-3,079	46,181	-2,069	0	0	0	514,888	1,495,588
Public Lighting	215,566	12,630	9,876	3,806	0	241,878	46,575	4,806	0	10,479	0	0	0	0	61,860	180,018
Connections & Switches	743,483	25,123	27,434	30,341	0	826,362	402,570	0	-6,818	37,173	-19	0	0	0	432,906	393,456
	18,013,144	4,187,975	2,558,660	340,306	0	25,067,833	3,817,517	26,010	-11,126	600,059	-9,046	-1	-1,493	0	4,421,920	20,645,913
Community Assets																
Recreation	3,798,276	54,432	44,221	-49,462	0	3,847,343	262,140	17,192	0	85,606	-40	0	0	0	364,898	3,482,445
Clinics & Depots	107,668	2,148	13,144	947	0	123,907	40,359	0	0	40,339	0	0	0	0	80,698	43,209
Cemeteries & Crematoria	66,974	8,427	3,060	-2,599	0	75,862	20,953	0	0	2,425	0	0	0	0	23,378	52,484
Community Halls	89,473	5,611	1,589	-4,086	0	92,587	10	0	0	10	0	0	0	0	20	92,567
Fire Stations	18,787	9,493	2,365	551	0	31,196	15,884	0	0	1,583	0	0	0	0	17,467	13,729
Libraries	155,136	13,861	19,396	851	0	189,244	27	0	78,718	8,707	0	0	0	0	87,452	101,792
Museums	1,802	13	85	4,844	0	6,744	85	0	0	125	0	0	0	0	210	6,534
Police Stations	48,418	0	128	0	0	48,546	7,022	9	0	1,049	0	0	0	0	8,080	40,466
	4,286,534	93,985	83,988	-48,954	0	4,415,429	346,480	17,201	78,718	139,844	-40	0	0	0	582,203	3,833,226
Heritage Assets																
Exhibits	6,814	11,067	1,123	-9,002	0	10,002	0	0	0	0	0	0	0	0	0	10,002
	6,814	11,067	1,123	-9,002	0	10,002	0	0	0	0	0	0	0	0	0	10,002
Other Assets																
Airconditioning	82,473	0	1,541	0	0	83,987	6,562	0	0	5,966	-27	0	0	0	12,501	71,486
Security Systems	64,770	0	12,791	0	0	77,536	55,680	0	0	15,975	-15	0	0	0	71,640	5,896
Computer Equipment	477,744	0	84,304	6,138	-27,036	536,400	290,183	0	-6,119	78,980	-3,994	0	0	-20,257	338,793	197,607
Car Parks & Fencing	192,202	0	32,419	133	0	224,754	1,314	0	0	15,297	0	0	0	0	16,611	208,143
Plant & Equipment	2,289,685	14,279	120,912	-7,308	1,132	2,413,627	451,159	0	-7,348	141,738	-4,242	458	0	-609	581,156	1,832,471
Furniture & Fittings	91,880	0	17,372	0	-754	106,102	58,480	0	-1,461	18,716	-2,216	0	0	-754	72,765	33,337
Markets	88,345	2,504	10,753	-1,282	0	100,320	36,730	0	0	6,111	0	0	0	0	42,841	57,479
Vehicles	1,820,847	22,496	131,059	10,890	-52	1,944,102	878,108	2,102	-13,323	235,975	-37,747	0	-2,082	-52	1,062,981	881,121
Fire Engines	66,830	1,407	11,205	0	0	79,302	14,383	0	0	5,724	-130	0	0	0	19,977	59,325
	5,174,776	40,686	422,356	8,571	-26,710	5,566,130	1,792,599	2,102	-28,251	524,482	-48,371	458	-2,082	-21,672	2,219,265	3,346,865
Total	31,953,754	4,421,224	3,394,762	319,836	-26,458	39,974,574	6,645,895	45,916	54,997	1,395,536	-59,364	457	-3,575	-19,675	8,060,187	31,914,387

54.ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011 - MUNICIPALITY

	Cost / Revaluation						Accumulated Depreciations										Carrying Value
	Opening	Opening Under	Additions	Under	Disposals	Transfers	Closing	Opening	Opening	Prior Year	Additions	Disposals	Impairments	Impairments	Transfers	Closing Balance	
	Balance	Construction	R'000	Construction	R'000	R'000	Balance	Balance	Impairment	Adjustments	R'000	R'000	R'000	Reversal	R'000	R'000	
Land and Buildings	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Land	353,701	181	59,794	0	-425	0	413,251	0	0	0	0	0	0	0	0	0	
Buildings	2,815,320	87,330	263,122	28,915	-2,194	0	3,192,493	490,497	603	-796	86,124	-1,907	0	0	0	574,521	
	3,169,021	87,511	322,916	28,915	-2,619	0	3,605,744	490,497	603	-796	86,124	-1,907	0	0	0	574,521	
Infrastructure																	
Roads	5,716,049	515,907	585,286	442,021	-11,358	0	7,247,905	957,762	5,440	0	201,792	-616	0	0	0	1,164,378	
Traffic Equipment & Ranks	443,200	118,623	40,367	-30,195	0	0	571,995	125,978	0	0	20,877	0	0	0	0	146,855	
Stormwater Drainage	1,033,277	90,089	94,796	-42,364	0	0	1,175,798	120,825	0	0	17,179	0	0	0	0	138,004	
Sewerage Pumps	34,685	23,491	208	13,073	0	0	71,457	7,760	0	0	79,997	0	0	0	0	87,757	
Sewerage Mains & Reticulation	2,132,905	744,840	195,967	-195,913	-16,453	0	2,861,346	397,200	0	0	20	-5,282	0	0	0	391,938	
Purification Works	95	111,613	0	-18,894	0	0	92,814	78	0	0	6	0	0	0	0	84	
Refuse Sites & Transfer Station	495,919	3,394	12,445	19,134	0	0	530,892	234,657	0	0	49,078	0	0	0	0	283,735	
Water Mains & Reticulation	3,307,789	1,956,597	1,330,771	-82,415	-1,828	0	6,510,914	365,575	0	0	73,423	-975	0	0	0	438,023	
Water Reservoirs	293,637	44,456	0	16,459	0	0	354,552	41,835	15,531	0	4,531	0	-1	-1,493	0	60,403	
General Infrastructure	123,235	146,723	0	37,167	0	0	307,125	21,727	0	0	12,130	0	0	0	0	33,857	
Mains	2,030,960	100,295	130,330	3,042	-308	0	2,264,319	621,353	0	-1,229	47,193	-85	0	0	0	667,232	
Major Substations	1,442,344	294,194	131,180	145,044	-2,286	0	2,010,476	473,622	233	-3,079	46,181	-2,069	0	0	0	514,888	
Public Lighting	215,566	12,630	9,876	3,806	0	0	241,878	46,575	4,806	0	10,479	0	0	0	0	61,860	
Connections & Switches	743,483	25,123	27,434	30,341	-19	0	826,362	402,570	0	-6,818	37,173	-19	0	0	0	432,906	
	18,013,144	4,187,975	2,558,660	340,306	-32,252	0	25,067,833	3,817,517	26,010	-11,126	600,059	-9,046	-1	-1,493	0	4,421,920	
Community Assets																	
Recreation	3,798,276	54,432	44,221	-49,462	-124	0	3,847,343	262,140	17,192	0	85,606	-40	0	0	0	364,898	
Clinics & Depots	107,668	2,148	13,144	947	0	0	123,907	40,359	0	0	40,339	0	0	0	0	80,698	
Cemeteries & Crematoria	66,974	8,427	3,060	-2,599	0	0	75,862	20,953	0	0	2,425	0	0	0	0	23,378	
Community Halls	89,473	5,611	1,589	-4,086	0	0	92,587	10	0	0	10	0	0	0	0	20	
Fire Stations	18,787	9,493	2,365	551	0	0	31,196	15,884	0	0	1,583	0	0	0	0	17,467	
Libraries	155,136	13,861	19,396	851	0	0	189,244	27	0	78,718	8,707	0	0	0	0	87,452	
Museums	1,802	13	85	4,844	0	0	6,744	85	0	0	125	0	0	0	0	210	
Police Stations	48,418	0	128	0	0	0	48,546	7,022	9	0	1,049	0	0	0	0	8,080	
	4,286,534	93,985	83,988	-48,954	-124	0	4,415,429	346,480	17,201	78,718	139,844	-40	0	0	0	582,203	
Heritage Assets																	
Exhibits	6,814	11,067	1,123	-9,002	0	0	10,002	0	0	0	0	0	0	0	0	0	
	6,814	11,067	1,123	-9,002	0	0	10,002	0	0	0	0	0	0	0	0	10,002	
Other Assets																	
Airconditioning	82,473	0	1,541	0	-27	0	83,987	6,562	0	0	5,966	-27	0	0	0	12,501	
Security Systems	64,770	0	12,791	0	-25	0	77,536	55,680	0	0	15,975	-15	0	0	0	71,640	
Computer Equipment	473,340	0	83,955	6,138	-4,750	-26,493	532,190	287,044	0	-6,119	78,242	-3,994	0	-19,715	0	335,458	
Car Parks & Fencing	192,202	0	32,419	133	0	0	224,754	1,314	0	0	15,297	0	0	0	0	16,611	
Plant & Equipment	2,164,637	14,279	119,300	-7,308	-3,494	0	2,287,414	372,956	0	-7,348	127,103	-3,137	458	0	0	490,032	
Furniture & Fittings	42,824	0	12,596	0	-452	0	54,968	35,619	0	-1,461	10,742	-386	0	0	0	44,514	
Markets	88,345	2,504	10,753	-1,282	0	0	100,320	36,730	0	0	6,111	0	0	0	0	42,841	
Vehicles	1,819,061	22,496	130,519	10,890	-40,887	0	1,942,079	877,125	2,102	-13,323	235,790	-37,582	0	-2,082	0	1,062,030	
Fire Engines	66,830	1,407	11,205	0	-140	0	79,302	14,383	0	0	5,724	-130	0	0	0	19,977	
	4,994,482	40,686	415,079	8,571	-49,775	-26,493	5,382,550	1,687,413	2,102	-28,251	500,950	-45,271	458	-2,082	-19,715	2,095,604	
Total	30,469,995	4,421,224	3,381,766	319,836	-84,770	-26,493	38,481,558	6,341,907	45,916	38,545	1,326,977	-56,264	457	-3,575	-19,715	7,674,248	

eThekweni Municipality and its Municipal Entities
APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (GROUP)

30th June 2011

	Cost											Accumulated Depreciation							Carrying Value
	Opening	Opening	Additions	Under	Transfers	Closing	Opening	Opening	Prior Year	Additions	Disposals	Impairments	Impairments	Transfers	Closing				
	Balance	Balance		Construction		Balance	Balance	Impairments	Adjustments				Reversal		Balance				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Miscellaneous	80,631	0	0	0	0	80,631	14,730	0	-649	2,663	0	0	0	0	16,744	63,887			
Legal Services	9,353	0	120	0	0	9,327	1,354	0	429	0	-117	0	0	0	1,666	7,661			
Real Estates	83,239	0	651	0	5	83,747	12,836	0	2,697	-125	0	0	0	6	15,414	68,333			
Health	214,662	0	969	3,095	40	218,766	46,020	0	9,706	0	0	-7	0	-7	55,719	163,047			
Skills Development	1,265	0	258	0	9	1,521	613	0	202	-10	0	0	0	-7	798	723			
Grant in Aid	17,491	0	3,618	261	0	21,370	403	0	949	0	0	0	0	0	1,352	20,018			
Security	46,859	0	11,956	0	-3	58,812	23,540	0	9	3,068	0	0	0	0	26,614	32,198			
Metropolitan Police	80,911	0	2,453	0	-76	83,222	18,832	9	0	4,789	-42	0	0	-57	23,531	59,691			
Retail Market	71,553	1,282	2,005	-1,282	-8	73,550	15,283	603	0	1,976	0	0	0	0	17,856	55,694			
Housing	1,079,459	39,614	53,087	-11,210	-54	1,160,860	137,310	0	0	39,211	-18	0	0	-43	176,460	984,400			
Municipal Information & Policy	2,997	0	13	0	-17	2,993	1,815	0	0	316	0	0	0	-15	2,116	877			
Ombudsperson & Head : Investigation	810	0	0	0	-107	620	581	0	0	64	-58	0	0	-90	497	123			
Office Of International & Governance	584	0	10	0	-6	513	249	0	0	83	-41	0	0	-4	287	236			
Community Participation	3,361	0	95	0	0	3,275	2,134	0	0	396	-148	0	0	0	2,382	893			
Office Of Geographic Information	3,424	0	96	0	0	3,520	638	0	0	272	0	0	0	0	910	2,610			
City Manager's Office	124	0	0	0	-16	108	106	0	0	7	0	0	0	-14	99	9			
Strategic Projects	3,668,550	22,114	42,530	-1,597	-3,072,190	659,407	66,497	0	-33	24,163	0	1	0	-65,333	25,361	634,046			
Office Of The D C M : Sust. Development	178	0	50	0	0	228	28	0	0	38	0	0	0	0	66	162			
Office of the D C M :Sust.Procurement	177	0	26	0	-2	201	45	0	0	31	0	0	0	-1	75	126			
Office Of The D C M : Health, Safety	4,438	0	466	0	-11	4,891	677	0	0	432	-1	0	0	-9	1,099	3,792			
Office Of The D C M : Corp & HR	129	0	106	0	0	235	31	0	0	35	0	0	0	0	66	169			
Office Of The D C M : Governance	12	0	0	0	0	12	10	0	0	1	0	0	0	0	11	1			
Office Of The D C M : Treasury	838	0	44	0	-27	822	542	0	0	88	-24	0	0	-24	582	240			
Development Planning & Management	59,173	6,010	12,058	0	0	77,241	4,022	0	0	1,198	0	0	0	0	5,220	72,021			
Economic Development & Facilitation	170,501	200,060	168,086	-55,082	-74	483,491	7,639	0	0	12,705	0	0	-48	20,296	463,195				
City Enterprises	7,682	0	68	0	0	7,750	4,778	0	0	672	0	0	0	0	5,450	2,300			
Business Support	75,927	1,233	3,131	-1,233	-137	78,921	20,474	0	0	4,162	0	0	0	-34	24,602	54,319			
Procurement	9,496	0	204	106	-35	9,732	4,687	0	0	1,528	-34	0	0	-22	6,159	3,573			
Engineering	7,431,179	572,765	566,166	425,583	-1,576	8,981,895	1,157,413	5,440	526	228,541	-1,346	0	-1,267	1,389,307	7,592,588				
Emergency Services	224,736	12,778	12,506	551	-7	250,408	77,535	0	0	11,957	-137	0	0	-6	89,349	161,059			
Parks, Recreation, Cemeteries & Governance	1,589,365	24,656	52,398	-4,913	-426	1,660,397	326,906	17,192	78,591	60,986	-528	0	-346	482,801	1,177,596				
Communications	137,711	18,983	807	19,849	-1	177,445	33,989	0	0	5,227	-164	0	0	-1	39,051	138,094			
Regional Centres	1,02,678	0	237	0	-14	1,048	880	0	0	247	-29	0	0	-12	1,086	862			
Human Resources	102,678	0	186	100	0	102,964	25,703	0	0	2,803	0	0	0	0	28,506	74,458			
Management Services & Org Development	11,146	0	1,076	0	-210	11,982	6,391	0	0	1,466	-23	0	-185	7,649	4,333				
Finance	479	0	70	0	0	509	257	0	0	57	-26	0	0	0	288	221			
City Fleet	17,458	0	751	0	-463	17,385	12,189	0	0	1,189	-303	0	0	-376	12,699	4,686			
Durban Transport	839,362	6,796	61,600	-1,471	-61	891,827	391,433	0	743	89,361	-12,453	0	-31	469,053	422,774				
Office Of Audit & Performance Management	489,041	0	30,830	0	0	519,871	86,036	2,102	0	46,724	0	0	-2,082	0	132,780	387,091			
Information Technology	1,230	0	0	0	0	936	672	0	0	102	-193	0	0	0	581	355			
EtheKweni Transport Authority	533,267	0	58,849	6,138	-18,528	579,070	197,256	0	0	92,156	-500	0	-13,172	275,740	303,330				
Occupational Health & Safety	590,638	129,207	37,525	-31,655	-546	725,144	129,636	0	0	26,623	-22	351	-496	156,092	569,052				
Performance Management	1,412	0	280	0	0	1,683	765	0	0	208	-8	0	0	0	965	718			
Durban Energy Office	317	0	0	0	0	315	70	0	0	53	0	0	0	0	123	192			
Income	29,577	453	7,205	22,570	0	30,758	39	0	0	106	-10	0	0	0	135	30,623			
Finance and Major Projects	29,577	0	1,047	0	-1,723	28,345	18,504	0	0	3,167	-465	0	0	-1,554	19,652	8,693			
Internal Control and Business Systems	965	0	117	0	-9	981	596	0	0	136	-75	0	0	-8	649	332			
ABMS	178,085	504	4,087	763	-1,706	181,350	42,380	0	0	5,556	-289	0	-1,281	46,366	134,984				
SDB	6,291	29,296	22,296	-14,588	-41	43,254	1,003	0	0	1,186	0	0	-35	0	2,154	41,100			
ABM INK	10,124	0	1,674	0	0	11,798	482	0	0	411	0	0	0	0	893	10,905			
Water	14,035	0	12,498	0	-11	26,520	2,029	0	0	1,533	-2	0	-9	3,551	22,969				
Sanitation	4,112,922	2,009,883	1,145,397	-46,189	-477	7,215,527	662,470	15,531	111	137,560	-5,380	-1	-1,493	-408	808,390	6,407,137			
Solid Waste	2,338,530	880,445	553,690	-201,733	0	3,552,483	474,463	0	0	95,266	-6,410	0	0	0	563,319	2,989,164			
Airport	790,609	3,394	68,318	19,134	-126	873,850	447,063	0	-33	98,193	-6,908	0	-112	538,203	335,647				
Moses Mabhida Stadium	1,647	0	102	0	0	1,749	388	0	0	82	0	0	0	0	470	1,279			
Housing	138,405	0	44	0	0	138,449	0	0	86	107,137	0	106	0	65,331	172,660	2,948,975			
Market Service	138,405	0	44	0	-42	138,543	60,546	0	0	2,694	-1,865	0	0	-35	61,340	74,503			
Gas	108,203	746	3,615	-484	-3	111,648	19,202	0	0	3,158	-324	0	-1	22,035	89,613				
Electricity Service	101,798	0	4,138	0	0	105,936	5,310	0	0	4,014	0	0	0	0	9,324	96,612			
Durban Marine Theme Park (PTY) LTD	4,972,661	461,005	382,708	193,123	0	5,990,636	1,774,427	5,039	-40,872	187,197	-18,186	0	0	0	1,907,605	4,083,031			
International Convension Centre (PTY) LTD	630,679	0	11,021	0	-5	637,921	165,253	0	16,452	34,690	-3,100	0	0	0	213,295	424,626			
Total	853,080	0	1,975	0	40	855,095	138,735	0	0	33,869	0	0	0	0	172,644	682,451			
Total	31,953,754	4,421,224	3,394,762	319,836	-26,458	39,974,574	6,645,895	45,916	54,997	1,395,536	-59,364	457	-3,575	-19,675	8,060,187	31,914,387			

eThekweni Municipality and its Municipal Entities
 APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (MUNICIPALITY)

30th June 2011

	Cost							Accumulated Depreciation								Carrying Value	
	Opening	Opening Balance Capital Under	Additions	Under	Disposals	Transfers	Closing	Opening	Opening	Prior Year	Additions	Disposals	Impairments	Impairments	Transfers		Closing
	Balance Cost	Construction		Construction			Balance	Balance	Impairments	Adjustments				Reversal			Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Miscellaneous	80,631	0	0	0	0	0	80,631	14,730	0	-649	2,663	0	0	0	0	16,744	63,887
Legal Services	9,353	0	120	0	-146	0	9,327	1,354	0	0	429	-117	0	0	0	1,666	7,661
Real Estates	83,239	0	651	0	-148	5	83,747	12,836	0	0	2,697	-125	0	6	15,414	68,333	
Health	214,662	0	969	3,095	0	40	218,766	46,020	0	0	9,706	0	0	-7	55,719	163,047	
Skills Development	1,265	0	258	0	-11	9	1,521	613	0	0	202	-10	0	-7	798	723	
Grant in Aid	17,491	0	3,618	261	0	0	21,370	403	0	0	949	0	0	0	1,352	20,018	
Security	46,859	0	11,956	0	0	-3	58,812	23,540	0	9	3,068	0	0	-3	26,614	32,198	
Metropolitan Police	80,911	0	2,453	0	-66	-76	83,222	18,832	9	0	4,789	-42	0	-57	23,531	59,691	
Retail Market	71,553	1,282	2,005	-1,282	0	-8	73,550	15,283	603	0	1,976	0	0	-6	17,856	55,694	
Housing	1,079,459	39,614	53,087	-11,210	-36	-54	1,160,860	137,310	0	0	39,211	-18	0	-43	176,460	984,400	
Municipal Information & Policy	2,997	0	13	0	0	-17	2,993	1,815	0	0	316	0	0	-15	2,116	877	
Ombudsperson & Head - Investigation	810	0	0	0	-83	-107	620	581	0	0	64	-58	0	-90	497	123	
Office Of International & Governance	584	0	10	0	-55	-6	513	249	0	0	83	-41	0	-4	287	226	
Community Participation	3,351	0	95	0	-181	0	3,275	2,134	0	0	396	-148	0	0	2,382	893	
Office Of Geographic Information	3,424	0	96	0	0	0	3,520	638	0	0	272	0	0	0	910	2,610	
City Manager's Office	124	0	0	0	0	-16	108	106	0	0	7	0	0	-14	99	9	
Strategic Projects	3,668,550	22,114	42,530	-1,597	0	-3,072,190	659,407	66,497	0	33	24,163	0	1	-65,333	25,361	634,046	
Office Of The D C M : Sust. Development	178	0	50	0	0	0	228	28	0	0	38	0	0	0	66	162	
Office Of The D C M :Sust.Procurement	177	0	26	0	0	-2	201	45	0	0	31	0	0	-1	75	126	
Office Of The D C M : Health, Safety	4,438	0	466	0	-2	-11	4,891	677	0	0	432	-1	0	-9	1,099	3,792	
Office Of The D C M : Corp & HR	129	0	106	0	0	0	235	31	0	0	35	0	0	0	66	169	
Office Of The D C M : Governance	12	0	0	0	0	0	12	10	0	0	1	0	0	0	11	1	
Office Of The D C M : Treasury	838	0	44	0	-33	-27	822	542	0	0	88	-24	0	-24	582	240	
Development Planning & Management	59,173	6,010	12,058	0	0	0	77,241	4,022	0	0	1,198	0	0	0	5,220	72,021	
Economic Development & Facilitation	170,501	200,060	168,086	-55,082	0	-74	483,491	7,639	0	0	12,705	0	0	-48	20,296	463,195	
City Enterprises	7,682	0	68	0	0	0	7,750	4,778	0	0	672	0	0	0	5,450	2,300	
Business Support	75,927	1,233	3,131	-1,233	0	-137	78,921	20,474	0	0	4,162	0	0	-34	24,602	54,319	
Procurement	9,496	0	204	1,036	-39	-35	9,732	4,687	0	0	1,528	-34	0	-22	6,159	3,573	
Engineering	7,431,179	572,765	566,166	425,583	-12,222	-1,576	8,981,895	1,157,413	5,440	526	228,541	-1,346	0	-1,267	1,389,307	7,592,588	
Emergency Services	224,736	12,778	12,506	551	-156	-7	250,408	77,535	0	0	11,957	-137	0	-6	89,349	161,059	
Parks, Recreation, Cemeteries &	1,589,365	24,656	52,398	-4,913	-683	-426	1,660,397	326,906	17,192	78,591	60,986	-528	0	-346	482,801	1,177,596	
Governance	137,711	18,983	807	19,849	-204	-1	177,145	33,989	0	0	5,227	-164	0	-1	39,051	138,094	
Communications	1,763	0	237	0	-38	-14	1,948	880	0	0	247	-29	0	-12	1,086	862	
Regional Centres	102,678	0	186	100	0	0	102,964	25,703	0	0	2,803	0	0	0	28,506	74,458	
Human Resources	11,146	0	1,076	0	-30	-210	11,982	6,391	0	0	1,466	-23	0	-185	7,649	4,333	
Management Services & Org Development	479	0	70	0	-40	0	509	257	0	0	57	-26	0	0	288	221	
Finance	17,458	0	751	0	-361	-463	17,385	12,189	0	0	1,189	-303	0	-376	12,699	4,686	
City Fleet	839,362	6,796	61,600	-1,471	-14,399	-61	891,827	391,433	743	0	89,361	-12,453	0	-31	469,053	422,774	
Durban Transport	489,041	0	30,830	0	0	0	519,871	86,036	2,102	0	46,724	0	-2,082	0	132,780	387,091	
Office Of Audit & Performance Management	1,230	0	0	0	-294	0	936	672	0	0	102	-193	0	0	581	355	
Information Technology	533,267	0	58,849	6,138	-656	-18,528	579,070	197,256	0	0	92,156	-500	0	-13,172	275,740	303,330	
Ethekeeni Transport Authority	590,638	129,207	37,525	-31,655	-25	-546	725,144	129,636	0	0	26,623	-22	351	-496	156,092	569,052	
Occupational Health & Safety	1,412	0	280	0	-9	0	1,683	765	0	0	208	-8	0	0	965	718	
Performance Management	317	0	0	0	-2	0	315	70	0	0	53	0	0	0	123	192	
Durban Energy Office	557	453	7,205	22,570	-27	0	30,758	39	0	0	106	-10	0	0	135	30,623	
Income	29,577	0	1,047	0	-556	-1,723	28,345	18,504	0	0	3,167	-465	0	-1,554	19,652	8,699	
Finance and Major Projects	965	0	117	0	-92	-8	981	596	0	0	136	-75	0	-8	649	332	
Internal Control and Business Systems	178,085	504	4,087	763	-383	-1,706	181,350	42,380	0	0	5,556	-289	0	-1,281	46,366	134,984	
ABMS	6,291	29,296	22,296	-14,588	0	-41	43,254	1,003	0	0	1,186	0	0	-35	2,154	41,100	
SDB	10,124	0	1,674	0	0	0	11,798	482	0	0	411	0	0	0	893	10,905	
ABM INK	14,035	0	12,498	0	-2	-11	26,520	2,029	0	0	1,533	-2	0	-9	3,551	22,969	
Water	4,112,922	2,009,883	1,145,397	-46,189	-6,009	-477	7,215,527	662,470	15,531	111	137,560	-5,380	-1	-1,493	808,390	6,407,137	
Sanitation	2,338,530	880,445	553,690	-201,733	-18,449	0	3,552,483	474,463	0	0	95,266	-6,410	0	0	563,319	2,989,164	
Solid Waste	790,609	3,394	68,318	19,134	-7,479	-126	873,850	447,063	-33	0	538,203	-6,908	0	-112	538,203	335,647	
Airport	1,647	0	102	0	0	0	1,749	388	0	0	82	0	0	0	470	1,279	
Moses Mabhida Stadium	0	0	49,449	0	0	3,072,186	3,121,635	0	86	107,137	0	106	0	65,331	172,660	2,948,975	
Housing	138,405	0	44	0	-2,564	-42	135,843	60,546	0	0	2,694	-1,865	0	-35	61,340	74,503	
Market Service	108,203	746	3,615	-484	-429	-3	111,648	19,202	0	0	3,158	-324	0	-1	22,035	89,613	
Gas	101,798	0	4,138	0	0	0	105,936	5,310	0	0	4,014	0	0	0	9,324	96,612	
Electricity Service	4,972,661	461,005	382,708	193,123	-18,861	0	5,990,636	1,774,427	5,039	-40,872	187,197	-18,186	0	0	1,907,605	4,083,031	
Total	30,469,995	4,421,224	3,381,766	319,836	-84,770	-26,493	38,481,558	6,341,907	45,916	38,545	1,326,977	-56,264	457	-3,575	-19,715	7,674,248	30,807,310

eThekwini Municipality and its Municipal Entities

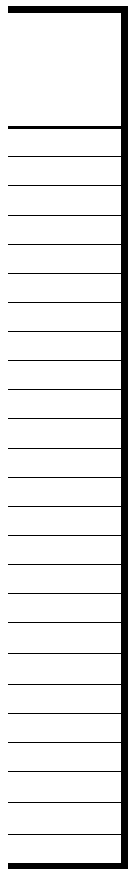
APPENDIX B: GROUP : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R'000	2010 Actual Expenditure R'000	2010 Surplus/ (Deficit) R'000		2011 Actual Income R'000	2011 Actual Expenditure R'000	2011 Surplus/ (Deficit) R'000
35,404	211,972	(176,568)	Executive & Council	36,654	228,077	(191,423)
6,194,352	2,468,086	3,726,266	Finance & Admin	7,128,057	2,203,012	4,925,045
1,140,327	648,311	492,016	Planning & Development	226,888	630,376	(403,488)
51,593	276,190	(224,597)	Health	52,178	300,172	(247,994)
48,783	472,231	(423,448)	Community & Social Services	48,988	518,264	(469,276)
1,393,987	1,659,980	(265,993)	Housing	1,061,088	1,342,051	(280,963)
113,649	864,509	(750,860)	Public Safety	136,383	962,006	(825,623)
59,663	785,301	(725,638)	Sport & Recreation	85,401	862,424	(777,023)
10,115	106,472	(96,357)	Environmental Protection	8,109	111,294	(103,185)
1,196,259	1,699,945	(503,686)	Waste Management	1,790,823	1,831,951	(41,128)
1,342,859	1,443,928	(101,069)	Road Transport	620,021	1,455,239	(835,218)
2,733,012	2,669,202	63,810	Water	2,938,748	2,584,584	354,164
6,162,466	5,303,341	859,125	Electricity	7,486,745	6,266,595	1,220,150
74,726	109,353	(34,627)	Other	71,576	109,570	(37,994)
129,158	168,056	(38,898)	Durban Marine Theme Park (Pty)Ltd	150,094	184,175	(34,081)
104,981	132,003	(27,022)	ICC Durban (Pty)Ltd	134,875	164,627	(29,752)
15,156	11,226	3,930	Ethekwini Transport Authority	3,674	15,251	(11,577)
10,947	5,709	5,238	Effingham/Link Road Joint Venture	5,025	1,505	3,520
20,817,437	19,035,815	1,781,622	Sub Total	21,985,327	19,771,173	2,214,154
(1,837,059)	(1,837,059)	0	Less Inter-Dep charges	(1,872,074)	(1,872,074)	0
18,980,378	17,198,756	1,781,622	Total	20,113,253	17,899,099	2,214,154

eThekwini Municipality and its Municipal Entities

APPENDIX B: ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income R'000	2010 Actual Expenditure R'000	2010 Surplus/ (Deficit) R'000		2011 Actual Income R'000	2011 Actual Expenditure R'000	2011 Surplus/ (Deficit) R'000
35,404	211,972	(176,568)	Executive & Council	36,654	228,077	(191,423)
6,246,764	2,479,967	3,766,797	Finance & Admin	7,189,023	2,327,445	4,861,578
1,140,327	648,311	492,016	Planning & Development	226,888	630,376	(403,488)
51,593	276,190	(224,597)	Health	52,178	300,172	(247,994)
48,783	472,231	(423,448)	Community & Social Services	48,988	518,264	(469,276)
1,393,987	1,659,980	(265,993)	Housing	1,061,088	1,342,051	(280,963)
113,649	864,509	(750,860)	Public Safety	136,383	962,006	(825,623)
59,663	785,301	(725,638)	Sport & Recreation	85,401	862,424	(777,023)
10,115	106,472	(96,357)	Environmental Protection	8,109	111,294	(103,185)
1,196,259	1,699,945	(503,686)	Waste Management	1,790,823	1,831,951	(41,128)
1,342,859	1,443,928	(101,069)	Road Transport	620,021	1,455,239	(835,218)
2,733,012	2,669,202	63,810	Water	2,938,748	2,584,584	354,164
6,162,466	5,303,341	859,125	Electricity	7,486,745	6,266,595	1,220,150
74,726	109,353	(34,627)	Other	71,576	109,570	(37,994)
20,609,607	18,730,702	1,878,905	Sub Total	21,752,625	19,530,048	2,222,577
5,238			Share of Income from Joint Venture	3,521		
(1,837,059)	(1,837,059)	0	Less Inter-Dep charges	(1,872,074)	(1,872,074)	0
18,777,786	16,893,643	1,884,143	Total	19,884,072	17,657,974	2,226,098



eThekwini Municipality and its Municipal Entities

APPENDIX C(1) : GROUP : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	4,056,102	4,194,800	(138,698)	(3)	
Property rates - penalties imposed and collection charges	81,854	150,752	(68,898)	(46)	For reasons refer to annexure C(1A): 1
Service Charges	9,891,652	10,520,750	(629,098)	(6)	
Rental of facilities and equipment	435,775	369,305	66,470	18	For reasons refer to annexure C(1A): 2
Interest earned - external investments	133,666	220,590	(86,924)	(39)	For reasons refer to annexure C(1A): 3
Interest earned - outstanding debtors	85,955	97,279	(11,324)	(12)	
Fines	110,209	164,247	(54,038)	(33)	For reasons refer to annexure C(1A): 4
Licences and permits	29,640	27,478	2,162	8	
Government grants and subsidies	2,590,929	3,658,109	(1,067,180)	(29)	For reasons refer to annexure C(1A): 5
Public contributions and donations	12,711	9,000	3,711	0	
Other income	2,584,795	1,596,428	988,367	62	For reasons refer to annexure C(1A): 6
Fair Value Adjustment	47,538	0	47,538	0	
Gains on disposal of property, plant and equipment	48,851	23,010	25,841	0	
Reversal of Impairment-PPE	3,576	0	3,576	0	
TOTAL REVENUE	20,113,253	21,031,748	(918,495)		
EXPENDITURE					
Executive & Council	228,077	234,626	(6,549)	(3)	
Finance & admin	2,237,058	2,548,664	(311,606)	(12)	
Planning & Development	630,376	774,569	(144,193)	(19)	For reasons refer to annexure C(1A): 7
Health	300,172	315,921	(15,749)	(5)	
Community & Social Services	518,264	578,233	(59,969)	(10)	
Housing	1,342,051	561,738	780,313	139	For reasons refer to annexure C(1A): 8
Public Safety	962,006	942,095	19,911	2	
Sport & Recreation	862,424	890,873	(28,449)	(3)	
Environmental Protection	111,294	119,884	(8,590)	(7)	
Waste Management	1,831,951	1,961,456	(129,505)	(7)	
Road Transport	1,455,239	1,656,851	(201,612)	(12)	For reasons refer to annexure C(1A): 9
Water	2,584,584	2,990,855	(406,271)	(14)	
Electricity	6,266,595	7,247,805	(981,210)	(14)	
Other	109,570	123,348	(13,778)	(11)	
International Convention Centre	131,360	172,662	(41,302)	(24)	
Durban Marine Theme Park	179,876	183,774	(3,898)	(2)	
Ethekewini Transport Authority	15,251	0	15,251	0	
Effingham/Link Road	5,025	0	5,025	0	
Inter-departmental charges	(1,872,074)	(1,852,957)	(19,117)	0	
TOTAL EXPENDITURE	17,899,099	19,450,397	(1,551,298)		
Share of Income from Joint Venture	3,521	0	0		
SURPLUS FOR THE YEAR	2,217,675	1,581,351	636,324		

eThekweni Municipality and its Municipal Entities

APPENDIX C(1) : ETHEKWINI MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	4,073,638	4,194,800	(121,162)	(3)	
Property rates - penalties imposed and collection charges	81,854	150,752	(68,898)	(46)	For reasons refer to annexure C(1A): 1
Service Charges	9,917,960	10,520,750	(602,790)	(6)	
Rental of facilities and equipment	355,544	315,803	39,741	13	For reasons refer to annexure C(1A): 2
Interest earned - external investments	125,809	213,245	(87,436)	(41)	For reasons refer to annexure C(1A): 3
Interest earned - outstanding debtors	85,955	97,279	(11,324)	(12)	
Fines	110,209	164,247	(54,038)	(33)	For reasons refer to annexure C(1A): 4
Licences and permits	29,640	27,478	2,162	8	
Government grants and subsidies	2,590,929	3,658,109	(1,067,180)	(29)	For reasons refer to annexure C(1A): 5
Public contributions and donations	9,876	9,000	876	0	
Other income	2,397,808	1,448,381	949,427	66	For reasons refer to annexure C(1A): 6
Fair Value Adjustment	47,538	0	47,538	0	
Gains on disposal of property, plant and equipment	48,655	23,010	25,645	0	
Reversal of Impairment-PPE	3,575	0	3,575	0	
Reversal of Loss : Loan Impairment	1,561	0	1,561	0	
TOTAL REVENUE	19,880,551	20,822,854	(942,303)		
EXPENDITURE					
Executive & Council	228,077	234,626	(6,549)	(3)	
Finance & admin	2,327,445	2,548,664	(221,219)	(9)	
Planning & Development	630,376	774,569	(144,193)	(19)	For reasons refer to annexure C(1A): 7
Health	300,172	315,921	(15,749)	(5)	
Community & Social Services	518,264	578,233	(59,969)	(10)	
Housing	1,342,051	561,738	780,313	139	For reasons refer to annexure C(1A): 8
Public Safety	962,006	942,095	19,911	2	
Sport & Recreation	862,424	890,873	(28,449)	(3)	
Environmental Protection	111,294	119,884	(8,590)	(7)	
Waste Management	1,831,952	1,961,456	(129,504)	(7)	
Road Transport	1,455,239	1,656,851	(201,612)	(12)	For reasons refer to annexure C(1A): 9
Water	2,584,583	2,990,855	(406,272)	(14)	
Electricity	6,266,594	7,247,805	(981,211)	(14)	
Other	109,571	123,348	(13,777)	(11)	
Inter-departmental charges	(1,872,074)	(1,852,957)	(19,117)	0	
TOTAL EXPENDITURE	17,657,974	19,093,961	(1,435,987)		
Share of Income from Joint Venture	3,521	0	0		
SURPLUS FOR THE YEAR	2,226,098	1,728,893	497,205		

eThekweni Municipality and its Municipal Entities

APPENDIX C(1A) : - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

1. Property Rates - Penalties Imposed and Collection Charges - Decrease

The decrease is due to the write-off of prescribed debt

2. Rental of Facilities and Equipment - Increase

The increase is mainly attributable to an increase in the number of facilities generating rental income. The budget was reduced based on the low usage of public buses, the bus usage has since increased resulting in the increase in income.

3. Interest Earned - External Investments - Decrease

The decrease is due to lower interest rates and utilisation of internal funds to meet accelerated expenditure.

4. Fines - Decrease

Metro police - Despite various initiatives in place to encourage payment of fines, poor economic conditions & apathy of offenders to pay has resulted in a decline in income.

5. Government Grants and Subsidies - Decrease

The decrease is due mainly to the delay in the implementation of various projects funded by the EPWP grant.

6. Other Income - Increase

The Increase is mainly due to VAT refunds on the apportionment VAT adjustment, an increase in Security Income and income from Urban Improvement Rates.

7. Planning & Development - Decrease

- a. Decreases in the employee related costs due to non filling of vacancies
- b. R 2m in respect of a three year project to be utilised in the next year
- c. Delays in the implementation in Economic Development Programme due to MOA's not finalised.

8. Housing - Increase

The increase is due mainly to the increase in Provision of bad debts being adjusted to account for the total arrears accounts of R 32.57m in terms of the debtors age analysis (120 days and more).

9. Road Transport - Decrease

The decrease is due mainly to no major repairs and maintenance undertaken at the bus depots due to the planned capital upgrades.

eThekweni Municipality and its Municipal Entities

APPENDIX C (2):GROUP-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011- MUNICIPALITY

Output Unit	2011 Actual	2011 Under Construction	2011 Total Additions	Revised Budget	2011 Variance	2011 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
Procurement and Infrastructure							
Housing	53,127	-11,210	41,917	141,581	-99,664	-70	Under- spending is due to the delays in Contracts for hostels upgrade.
Engineering	568,332	425,689	994,021	1,042,156	-48,135	-5	
EtheKwini Transport Authority	45,353	-31,655	13,698	200,903	-187,205	-93	Savings are due to the delay in the implementation of Warwick Development pending finalisation of court case with market traders.
Sanitation	552,410	-201,733	350,677	369,226	-18,549	-5	
Solid Waste	47,043	19,134	66,177	95,308	-29,131	-31	Decrease due to a delay in the appointment of contractors and problems in projects (Electron road transfer
Water	1,141,153	-46,191	1,094,962	884,026	210,936	24	The increase is additional expenditure in respect of the Pipe Replacement programme.
Electricity Service	392,185	193,123	585,308	772,944	-187,636	-24	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Health and Safety							
Parks, Recreation, Cemeteries & Culture	52,399	-4,913	47,486	71,800	-24,314	-34	The decrease is due to incomplete projects and projects not yet commenced.
Health	1,715	3,095	4,810	9,550	-4,740	-50	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Safety Social and Security							
Emergency Services	30,600	811	31,411	33,900	-2,489	-7	The decrease is as a result of delays in shipment and assembling of fire engines.
Sustainable Development and City Enterprises							
Sustainable Development and City Enterprises	211,426	-72,669	138,757	163,528	-24,771	-15	Saving is due to late appointment of contractors for Umnini MPCC project and Ezimbuzini Hive Development.
Treasury							
Internal Control & Business systems	4,522	0	4,522	5,443	-921	-17	Under-expenditure is attributable to the delays in commencement of the 9th Floor building upgrade (Florence Mkhize Building)
Office of DCM: Treasury	0	0	0	0	0	0	
Finance and Major Project	0	0	0	0	0	0	
Income	52,779	0	52,779	57,120	-4,341	-8	Savings realised as a result of the lower RMS costs for the year, as well as delays in procurement of the Note Counting Machines
INK	12,480	0	12,480	11,900	580	5	
Finance	0	0	0	0	0	0	
Real Estates	336	0	336	400	-64	-16	Under-spending is due to the delays in procuring Department's plant & equipment requirements.
Durban Transport	30,829		30,829	112,047	-81,218	-72	Under-spending is due to a delay in the procurement of "Rear Engine" buses to be acquired in the next financial year(2011/2012).
City Fleet	61,502	-1,471	60,031	57,030	3,001	5	
Durban Energy Office	7,196	22,570	29,766	34,500	-4,734	-14	Under-expenditure is due to the reduction in grant funding from the Department of Minerals & Energy for the Energy Projects.
Governance							
Governance	2,794	19,949	22,743	36,190	-13,447	-37	The contract for lifts refurbishment commenced later than anticipated.
Corporate Human Resources							
Human Resources	19,148	-15,119	4,029	5,537	-1,508	-27	Under-expenditure is due to a delay in the implementation of other HR payroll system modules
City Manager's Office							
Strategic Projects	92,996	-1,597	91,399	121,152	-29,753	-25	The under expenditure resulted from the late start of the other projects and projects being funded late through
Information Technology	91,215	6,900	98,115	119,531	-21,416	-18	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Durban Marine Theme Park(PTY) LTD	11,531	0	11,531	11,786	-255	-2	
International Convension Centre (PTY)	2,213	0	2,213	10,000	-7,787	-78	Only critical assets acquired due to cash constraints
Total	3,485,284	304,713	3,789,997	4,367,558	-577,561	-614	

APPENDIX C (2): MUNICIPALITY-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011- MUNICIPALITY

Output Unit	2011 Actual	2011 Under Construction	2011 Total Additions	Revised Budget	2011 Variance	2011 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
Procurement and Infrastructure							
Housing	53,127	-11,210	41,917	141,581	-99,664	-70	Under-spending is due to the delays in Contracts for hostels upgrade.
Engineering	568,332	425,689	994,021	1,042,156	-48,135	-5	
Ethekwini Transport Authority	45,353	-31,655	13,698	200,903	-187,205	-93	Savings are due to the delay in the implementation of Warwick Development pending finalisation of court case with market traders.
Sanitation	552,410	-201,733	350,677	369,226	-18,549	-5	
Solid Waste	47,043	19,134	66,177	95,308	-29,131	-31	Decrease due to a delay in the appointment of contractors and problems in projects (Electron road transfer station, Bissasar
Water	1,141,153	-46,191	1,094,962	884,026	210,936	24	The increase is additional expenditure in respect of the Pipe Replacement programme.
Electricity Service	392,185	193,123	585,308	772,944	-187,636	-24	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Health and Safety							
Parks, Recreation, Cemeteries & Culture	52,399	-4,913	47,486	71,800	-24,314	-34	The decrease is due to incomplete projects and projects not yet commenced.
Health	1,715	3,095	4,810	9,550	-4,740	-50	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Safety Social and Security							
Emergency Services	30,600	811	31,411	33,900	-2,489	-7	The decrease is as a result of delays in shipment and assembling of fire engines.
Sustainable Development and City Enterprises							
Sustainable Development and City	211,426	-72,669	138,757	163,528	-24,771	-15	Saving is due to late appointment of contractors for Umnini MPCC project and Ezimbuzini Hive Development.
Treasury							
Internal Control & Business systems	4,522	0	4,522	5,443	-921	-17	Under-expenditure is attributable to the delays in commencement of the 9th Floor building upgrade (Florence Mkhize Building)
Office of DCM: Treasury	0	0	0	0	0	0	
Finance and Major Project	0	0	0	0	0	0	
Income	52,779	0	52,779	57,120	-4,341	-8	Savings realised as a result of the lower RMS costs for the year, as well as delays in procurement of the Note Counting Machines
INK	12,480	0	12,480	11,900	580	5	
Finance	0	0	0	0	0	0	
Real Estates	336	0	336	400	-64	-16	Under-spending is due to the delays in procuring Department's plant & equipment requirements.
Durban Transport	30,829		30,829	112,047	-81,218	-72	Under-spending is due to a delay in the procurement of "Rear Engine" buses to be acquired in the next financial year(2011/2012).
City Fleet	61,502	-1,471	60,031	57,030	3,001	5	
Durban Energy Office	7,196	22,570	29,766	34,500	-4,734	-14	Under-expenditure is due to the reduction in grant funding from the Department of Minerals & Energy for the Energy Projects.
Governance							
Governance	2,794	19,949	22,743	36,190	-13,447	-37	The contract for lifts refurbishment commenced later than anticipated.
Corporate Human Resources							
Human Resources	19,148	-15,119	4,029	5,537	-1,508	-27	Under-expenditure is due to a delay in the implementation of other HR payroll system modules
City Manager's Office							
Strategic Projects	92,996	-1,597	91,399	121,152	-29,753	-25	The under expenditure resulted from the late start of the other projects and projects being funded late through Adjustment
Information Technology	91,215	6,900	98,115	119,531	-21,416	-18	The decrease is as a result of slow progress in the awarding of tenders due to delays in the SCM processes.
Total	3,471,540	304,713	3,776,253	4,345,772	-569,519	-13	

eThekweni Municipality and its Municipal Entities

APPENDIX D : GRANTS AND SUBSIDIES RECEIVED - 30 JUNE 2011

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 MFMA,56 OF 2003

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTELY RECEIPTS					QUARTELY EXPENDITURE					GRANTS AND SUBSIDIES DELAYED/ WITHHELD				REASON FOR DELAY OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT	REASON FOR NON COMPLIANCE
		Sept R'000	Dec R'000	Mar R'000	Jun R'000	Total R'000	Sept R'000	Dec R'000	Mar R'000	Jun R'000	Sept R'000	Dec R'000	Mar R'000	Jun R'000	Yes/No			
Financial Management Grant	National Treasury	1,000	0	0	0	1,000	1,000	0	0	0	1,000	0	0	0	0	N/A	Yes	
Municipal Infrastructure Grant	National Treasury	148,978	148,978	148,978	148,978	595,912	94,227	189,946	58,331	253,408	595,912	0	0	0	0		Yes	N/A
Equitable Share/Subsidy	National Treasury	579,830	463,864	347,898		1,391,592	579,830	463,864	347,898		1,391,592							
Equitable Share - INK	National Treasury	9,559	7,647	5,736		22,942	9,559	7,647	5,736		22,942						Yes	N/A
Vuna Awards	National Treasury	0	0	0		0	0	0	0	47,417	47,417	0	0	0	0		Yes	N/A
DEAT	Provincial Government	0	0	0	0	0	0	0	0	259,923	259,923	0	0	0	0		Yes	N/A
NDPG	National Treasury	11,385	4,660	9,736	0	25,781	14,020	6,869	3,846	1,046	25,781	0	N/A	N/A	N/A	N/A	Yes	N/A
COGTA	National Treasury	16,800	0	0	0	16,800	0	2,899	5,208	5,208	13,315	0					Yes	N/A
Govt Subs - Primary Health	KZN of Health - State	0	0	44,540	6,848	51,388	11,217	11,134	11,134	11,394	44,879	0	0	0	0		Yes	N/A
Capital Grants - Dwaf	DWAF	0	6,422	4,077	2,863	13,362	0	6,422	4,077	2,863	13,362	0	0	0	0	N/A	Yes	N/A
NDOT	National /Provincial Treasury	330	0	0	0	330	29,341	50,338	12,068	19,973	111,720	0	0	0	0		Yes	N/A
Department of Arts and Culture	Provincial Government	0	2,502	0	0	2,502	226	291	1,100	1,676	3,293	0	0	0	0		0 Yes	N/A
Office of the Premier	Provincial Government	0	0	142	0	142	0	0		142	142	0	0	0	0		0 Yes	N/A
2010 World Cup Host City - Operating	National		26,000			26,000	26,000										Yes	N/A
2010 FIFA World Cup Stadiums Development	National		54,476	10,810		65,286	8,962	16264	14,899	10,372							Yes	N/A
Intergrated National Electrification Program	National Treasury		7,000	21,000	7,000	35,000	16,767	16,557	16,164	23,864	73,352						Yes	N/A
NRF	National Research Foundation	0	0	49	0	49	0	0	8	32	40	0	0	0	0		Yes	N/A
Department of Housing	Provincial Government	0	0	60,000	0	60,000	0	0	0	1,247	1,247	0	0	0			Yes	N/A
Expanded Public Work Incentive Grant	National Treasury	0	0	17,321	0	17,321	114	3,950	9,658	13,722	27,444	0	0	0	0		Yes	N/A
Grand Total		767,882	721,549	670,287	165,689	2,325,407	791,263	776,181	490,127	652,287	2,633,361	0	0	0	0			