

**ANNUAL
REPORT
Volume I**

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COMPONENT A: MAYOR'S FOREWORD

VISION

The core existence of the Zululand District Municipality (ZDM) in line with the numerous forms of legislations, especially the Constitution of the Republic of South Africa, is to improve the quality of life of all our communities by providing and fast-tracking access to services like water and sanitation.



Key Service Delivery Improvements

As it is always the case, even on this financial year core function and focus has not changed. We are still concerned about the provision of clean potable water and sanitation to about one million residents of the Zululand District Municipality.

As a Mayor of ZDM, I am aware of the backlogs in the provision of water and sanitation which is due to inadequate funding from Municipal Infrastructure Grant (MIG). ZDM's intention is to eradicate these backlogs, but in order to attain that, we need at least about R3.2 billion more for our water schemes, especially for our Regional Water Schemes.

However, with the meagre grants that we get, we are trying to do all we can to deliver on our mandate which is to ensure that all our residents are provided with clean water.

On top of our core delivery function, a few years ago I started an LED programme whereby income generating projects within all our 89 wards are funded to the tune of R60 000 per ward. There is also a budget set aside to fund income-generating projects for widows' and orphans' clubs also within all our 89 wards to the tune of R20 000 per ward.

We plan to continue with these two programmes as they make a difference in the lives poorest of the poor within our communities. We are however working on a plan to ensure that all our LED-funded ward projects are sustainable.

Public Participation

Also in an attempt to resolve all water-related problems, in August last year, I hosted the ZDM Water Summit at Nongoma, where all stakeholders involved in the provision of water within our district, met and shared ideas on how this crisis could be averted.

Once again I want to assure the people of Zululand that we will continue to strive to be a corrupt-free and well-run District Municipality as we have done in the past 12 years by receiving consecutive unqualified audit reports from the office of the Auditor-General, Mr Terrence Nombembe.

This is no co-incidence as but it is as a result of putting in place good financial management systems and stringent fiscal controls that makes it easier to spot any wrong doing.

Future action

We are doing all we can to speed-up construction within our 10 Regional Water Schemes, namely: Nkonjeni, Simdlangentsha West, Simdlangentsha Central, Simdlangentsha East, Mhuze, Coronation, Mandlakazi, Usuthu, Khambi and Hlahlindlela. A large chunk of our budget goes to water and sanitation programmes.

Conclusion

Our District Municipality had other primary functions other than the provision of water which among others includes, promotion of tourism, LEDs, disaster management, ensuring good governance, health, as well as community and social services. We want to assure the people of our district that we will continue providing them with all these municipal functions to our best ability.

Cllr VZ KaMagwaza-Msibi

Mayor: Zululand District Municipality

Foreword of the Speaker of the ZDM



The year 2012/2013 financial year has been finished and the Zululand District Municipality has been hard at work as usual. Under the guidance of the astute Mayor, Councillor V Z Magwaza-Msibi, so much good work has been done; indeed challenges have also been faced and processes put in place to deal with them. Once again I find it trite to report that the Zululand District Municipality's Council of the People has, within the reasonable policy, legislative, financial resources and other resources available, took the necessary steps to ensure the progressive realization of the objects of local government within its area of jurisdiction in line with dictates of law and the wants of our people.

As a council within the local sphere of government our functioning should provide the district level macro environment to achieve the following objects:

1. Provision of democratic and accountable government for local communities;
2. Ensuring the provision of services to our communities in a sustainable manner;
3. Promotion of the developmental socio-economic environment;
4. Promotion of a safe and healthy environment; and
5. Encouraging the involvement of communities and community organizations in the matters of local government.

Council has; in line with its right to govern in its own initiative, the local government affairs of its community subject to the Republic's policy as provided for in our Constitution and applicable legislation; met as required by its policy direction and, has taken the necessary policy decisions to ensure the achievement of these objects. Council Structures of Council have met and did work. Council, the Executive Committee, the Finance Portfolio Committee, the Community Services Portfolio Committee, the Planning Portfolio Committee, the Disaster Management Portfolio Committee and the Labour Forum have met as required by legislation and council decisions. Governance is in progress. The Municipal Public Accounts Committee, the Internal Audit Unit and the Audit Committee have met and have been watchdogs necessary to ensure good governance. Councillors have also received more training to

sharpen their role of doing council oversight. Council for attendance has been generally good. However we have some exceptional cases where we need to improve on attendance by some councillors in portfolio committees. This is indeed good for governance.

To ensure service delivery and transparency council has passed its Integrated Development Plan (IDP), Budget and the Water Services Development Plan (WSDP) to ensure service delivery within its mandate. We have seen the Honourable Mayor of the Zululand District Municipality (ZDM) delivering projects in line with this plan of action. We have seen economic upliftment projects from poverty alleviation projects to the successful development of the service centre at the Mlaba Tribal Authority, giving the people of the Zululand District an opportunity to enter the stream of the main economic activity of this country. Indeed much needs to be done in cooperation with the other spheres of government to better the lives of the people. The Honourable Mayor has done good work to fight unemployment; only to be hindered by the limited budget in her hands.

The different sectors of our society have; as usual; had a slice of development *albeit* limited to our meagre resources. The sporting community, youth, aspirant professionals getting bursaries, widows and orphans getting economic support, the elders and children, *inter alia*, getting support. In this service delivery we have our Zululand District Municipal area entrepreneurs and our unemployed public, getting works in their fields respectively. Indeed a lot of work has been done to better the lives of our people in our core activity namely: water and sanitation. We wish we could get more money to satisfy the needs of our people in this field. Research shows we need at least more than R3.2 billion to provide the satisfactory level of the delivery of water. This is a huge challenge. However, service delivery is on track.

We are happy that our mayor is attending to the views and concerns of our public. The doors of the district municipality have always been open to councillors, members of the community and community structures whenever they wanted answers about service delivery. The municipality has responded to their concerns, especially those of water and sanitation delivery. Decisions have been taken by council to ease the resolution of such matters. One example of this is the approval of the establishment of stand-alone water schemes to fast-track service delivery in areas that are not closely connected to regional schemes and where connection to major schemes will take ages to achieve.

Collectively the mayor, council and the people of Zululand as a district municipal area of jurisdiction are ensuring that development occurs to change the lives of our people.

The Honourable Mayor of our district Cllr. V Z KaMagwaza-Msibi has played a major role as motivator to council, executive committee which she chairs and our employees. Having said this it is worth noting that the Honourable Mayor has also awarded excellence for good work by members of the public in our district. We have seen top musicians, poets, actors, top players in soccer for example, media personalities and other achievers playing a major role in this country coming from this district. The mayoral awards held in December 2013 were an effort by the mayor of our district to keep this district on the map and to motivate all our people to excel in their fields of endeavour. Indeed these awards were being conferred on our people for the second year in succession. Nation building is indeed in progress. We are proud of all them and of our mayor for her acknowledgement of their efforts.

Our mayor has also shown to be a good achiever herself having done so well for the past 15 years as mayor of this district. She deserves an achievement award too.

The efforts of this municipality under the captainship of the Honourable Mayor have also seen the improvement in the functionality of Prince Mangosuthu Airport. Today the people of this district can fly to Virginia Airport in Durban, OR Tambo Airport in Johannesburg and to Pietermaritzburg Airport in the capital city of KwaZulu-Natal. We hope to see the increased tempo of economic development and government business in our district. This should also decrease the number of road accidents in our region.

Thus, the decisions of our council have not been taken in vain; our councillors have been doing their oversight role and have by and large been witnesses of service delivery. The funds of the people have been used well in line with the needs of our public as represented by their representatives in council and, in line with their plans of action namely, the (Integrated Development Plan)IDP, Budget and the Service Delivery and Budget Implementation Plan of the municipality. The funds of the public have been used well.

Indeed the good use of funds and good control thereof has been confirmed by the Unqualified Audit Report from the Auditor –General of South Africa. Good Work! However, due to some factors we could not achieve the Clean Audit Report as per the wishes of the Honourable Mayor and Council. The item on clean audit has been a standing item in our agenda. We are on course to achieve it.

We also appreciate the work of the Municipal Public Accounts Committee (MPAC), the Internal Audit Unit and the Audit Committee in this respect to ensure we achieve the opinion. The Unqualified Audit Report has still made us proud and maintains public confidence.

Given the work done it was our expectation to get the Clean Audit this financial year. So much was done by our administration under the direction of the much experienced Mr J H De Klerk. The plan of action in progress to deal with issues that hindered us from the getting the Clean Audit report assures us that the road to this opinion is not the difficult one. We applaud the efforts of our officials.

Finally the office of the Speaker applauds the good collective work of the Honourable mayor, the executive committee and its committees, council and the administration of the Zululand District Municipality. Our working in orchestra has ensured both good governance and service delivery. Our motto is: ***SERVICE DELIVERY THROUGH INTEGRITY***. Indeed the work of council and its committees, especially the executive has ensured that we are sticking to it.

The Zululand District Municipality leadership has shown that our council is **the people's choice, their voice and their future**. Being fortunately under the leadership of a humble, servant of the people, Councilor V Z KaMagwaza-Msibi, who is committed to transparent and accountable government, determined to fight against corruption and to uplift our communities, we shall deliver the much needed **SERVICES TO OUR PEOPLE THROUGH INTEGRITY**.

Aluta Continua!

Hon. Speaker Mpiyakhe kaVelemu Hlatshwayo

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



It is with great pride that I report that a lot was achieved by Zululand District Municipality (ZDM) in this financial year. As a water delivery municipality, ZDM has established 10 (ten) Regional Water Schemes that operates throughout the Zululand district to ensure that our residents access clean water.

Although there is a shortfall amount of about R3.2 billion in order for these water schemes to be fully operational and provide clean water to all our estimated one million residents, we are happy with the progress made thus far.

While providing water still remains a big challenge, the district municipality continues to launch more new water projects for various communities under our district. ZDM is also working with relevant national Government's Departments to ensure that the backlogs on the provision of sanitation facilities for our people, is addressed.

During this financial year ZDM managed to maintain our record of receiving an unqualified audit report from the Auditor-General. This means that we have now attained unqualified audit reports for the past 13 consecutive years which is a substantial achievement for any municipality in South Africa. We plan keep in place our good financial management systems as they are clearly working wonders for us. As you know, the Prince Mangosuthu Airport at Ulundi stood quiet and mainly unused after the provincial government terminated daily flights in 2003. With the help of a reputable airline company, Federal Air, in April 2012 the daily flight schedules between Pietermaritzburg, Durban and Ulundi, were resumed.

We believe that the airport is critical in unlocking access to our district, hence ZDM offered to pay for un-booked seats on the daily flights between Ulundi and Pietermaritzburg for a limited period since the resumption of daily flights schedules. It is further envisaged that ZDM will also introduce flights to Johannesburg. The provincial government provided an infrastructure grant of over R30 million for the rehabilitation of the airport.

We will continue to maintain our long established good working relationship with traditional leaders, as well as, keeping good ties with our various communities. Every week ZDM is in contact with communities (community participation meetings) to listen to their needs, because we don't want to decide what we think is right for them.

It is critical that our municipality remains committed and indebted to its main core existence which is service delivery with integrity to the people of our district.

Municipal Manager,

Mr J. H. de Klerk

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

No.	Functions as per the Constitution of the Republic of South Africa; Municipal Structures Act	What has been done?
1.	Integrated development planning for the district municipality	Regional/Sectoral Planning, Spatial Planning Land Use Policy
2.	Bulk supply water	Provision and regulation
3.	Bulk sewage purification works and main sewage disposal	Provision
4.	Municipal (district) roads	Not yet defined
5.	Regulation of passenger transport services	planning of infrastructure Regulating (permits, control)
6.	Municipal airports (regional)	operation, management

	Municipal health services	Limited to Environmental health services and Includes regulation of Air and noise pollution, storm water management, water and sanitation, refuse and solid waste disposal
8.	Fire fighting services	Planning, coordinating and regulating Standardization of infrastructure, vehicles and procedures Disaster Management Plan
9.	The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality	The need for a regional fresh produce market does not exist.
10.	The establishment, conduct and control of cemeteries and crematoria	The study revealed that there is no need for a regional cemeteries
11.	Promotion of local tourism for the area of the district municipality	Co-ordination, strategic planning
12.	Municipal public works relating to any of the above functions or any other functions assigned to the district municipality	construction and maintenance of public infrastructure and facilities

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13.	The receipt, allocation and if applicable the distribution of grants made to the district municipality	The grants gazette for ZDM are received and spent according the grant conditions. ZDM does not distribute grants.
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Key issues from the table above

Water and Sanitation

In terms of municipal service provision i.e. water and sanitation, the Zululand District Municipality is a water service authority. Most of the district population is indigent which throws a challenge towards long term, sustainable water service provision. Nonetheless, this does not prevent the municipality providing the entire population in the district free basic water and sanitation.

The municipality has also regularly spent its entire MIG allocation towards establishing a reliable and quality water service to its citizens.

Integrated Development Planning

Integrated Development Planning is constantly improving with the district refining its co-ordination role in so far as infrastructure, spatial, community and environmental planning is concerned. Several structures including portfolio committees and administrative have been meeting regularly within these sectors to ensure vertical and horizontal alignment of service delivery within the district.

VISION, MISSION AND VALUES

The ZDM Council adopted the following long-term development vision.

'We are the Zululand region and proud of our heritage. We are mindful of the needs of the poor and we seek to reflect the aspirations of our communities. We are committed to responsible and accountable actions, tolerance and concern for racial harmony, the protection of our environment, and the strengthening of the role of women and youth. We will strive to improve the quality of life in Zululand by providing sustainable infrastructure, promoting economic development and building capacity within our communities.'

'WE SERVE THE PEOPLE'

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Mission

To create an affluent district by:

- Provision of optimal delivery of essential services;
- Supporting sustainable local economic development; and
- Community participation in service delivery

Core Values

- Transparency
- Commitment
- Innovation
- Integrity
- Co-operation

The above vision strategic focus areas of the Zululand District Municipality are:

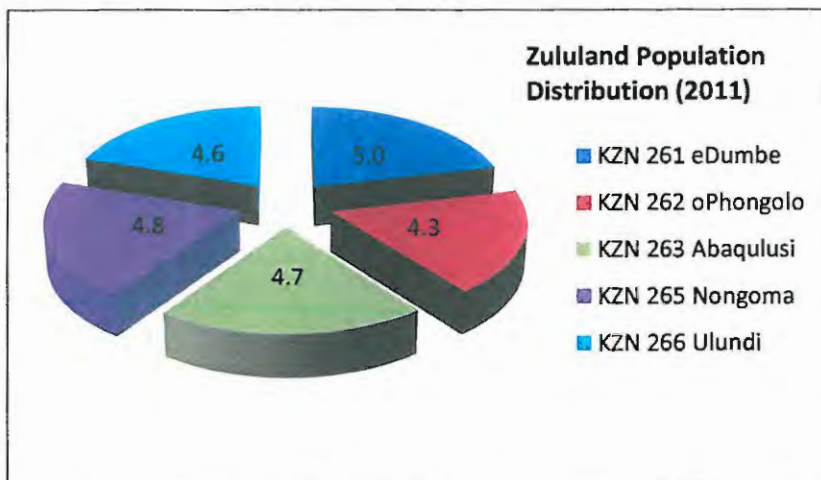
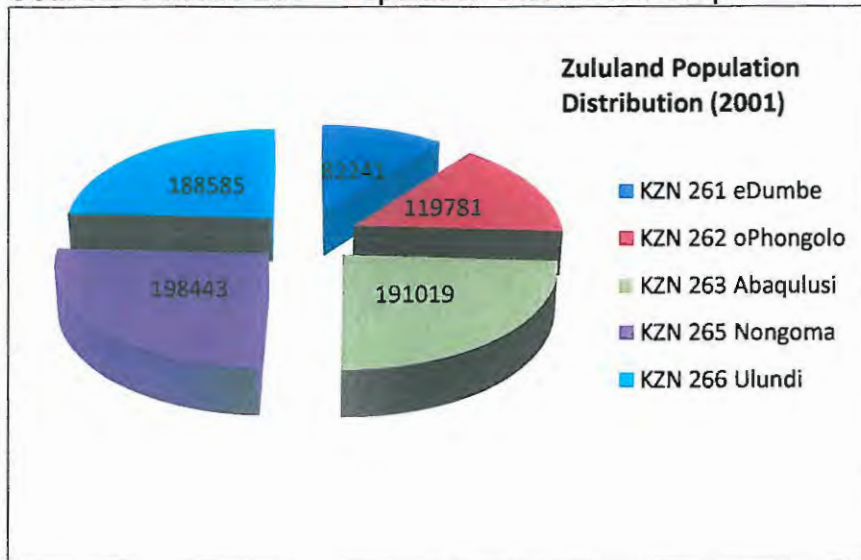
- To facilitate the delivery of sustainable infrastructure and services
- To promote economic development
- To promote social development

These focus areas are broken down to objectives and strategies, which is used to set KPI's for the measurement of the Municipality's performance, and progress with its service delivery mandate. It is important to note that the national KPAs as set that relate to community participation, good governance, municipal transformation and financial viability are considered as of a cross-cutting nature and therefore form an integral part of each of the strategic focus areas:

Population Profile

MDB Code	Municipality	Population	
		2001	2011
KZN 261	eDumbe	82241	82053
KZN 262	oPhongolo	119781	127238
KZN 263	Abaqulusi	191019	211060
KZN 265	Nongoma	198443	194908
KZN 266	Ulundi	188585	188317
DC 26	Zululand	780069	803575
RSA	South Africa	44819777	51770561
KZN	KwaZulu Natal	9584129	10267300

Source: Census 2011 Population Distribution Graph



Source: Census 2011 Population Distribution by Gender

MDB Code	Municipality	Sex Ratio	
		Males per 100 females	
Year		2001	2011
KZN 261	eDumbe	89.7	88.2
KZN 262	oPhongolo	88.3	88.5
KZN 263	Abaqulusi	91.4	90.9
KZN 265	Nongoma	80.2	83.2
KZN 266	Ulundi	81.4	82.4
DC 26	Zululand	85.4	86.3
RSA	South Africa	91.7	94.8
KZN	KwaZulu Natal	87.7	90.5

Source: Census 2011

Gender proportions in Zululand indicate that there is as higher proportions of females as compared to males. The highest number of females (131,599) is found in Nongoma and the majority of males are concentrated in Abaqulusi

Gender proportions for each municipality and from the table demonstrate that there is significant variation among the municipalities. Abaqulusi (90.9%) oPhongolo (88.5%) and eDumbe (88.2%) have relatively high proportions of females in their respective populations.

It is a known trend that women are classified under disadvantaged groups and with them being in the majority the municipality has devised several programmes and interventions to address the plight of women in the district.

Age dependency ratio

With the graph below it is evident that the Zululand District Municipality has one of the highest dependency ratios between children and adults respectively. This demonstrates a need to sustain social development programmes and support to communities by the municipality and its stakeholders (see strategic plan and budget).

MDB Code	Municipality	Dependency Ratio per 100 (15-64)	
		2001	2011
KZN 261	eDumbe	87.0	81.7
KZN 262	oPhongolo	82.0	77.3
KZN 263	Abaqulusi	73.9	70.5
KZN 265	Nongoma	103.8	88.0
KZN 266	Ulundi	91.9	81.1
DC 26	Zululand	87.9	79.2
RSA	South Africa	58.7	52.7
KZN	KwaZulu Natal	65.4	58.5

Source: Census 2011

In conjunction with its partners, the municipality has devised several programmes to address the plight of the youth including those that are dependent(see strategic plan and budget).

Socio Economic Status

The table hereunder summarizes some critical labour market indicators for Zululand

Indicator	eDumb e	uPhongol o	Abaqulus i	Nongom a	Ulundi	Zululan d
Employed	7,918	19,864	36,873	14,033	24,294	102,983
Unemployed		10,846	11,886	14,536	12,017	51,842
Not Economically active	32,131	48,015	93,759	97,070	72,794	343,768
Labour force participation rate	24.60%	39.00%	34.20%	22.70%	33.30%	31.10%
Unemployment rate	24.40%	35.30%	24.40%	50.90%	33.10%	33.50%

Source: DEDT calculations based on Quantec data (2011)

Employment per municipality since 2003

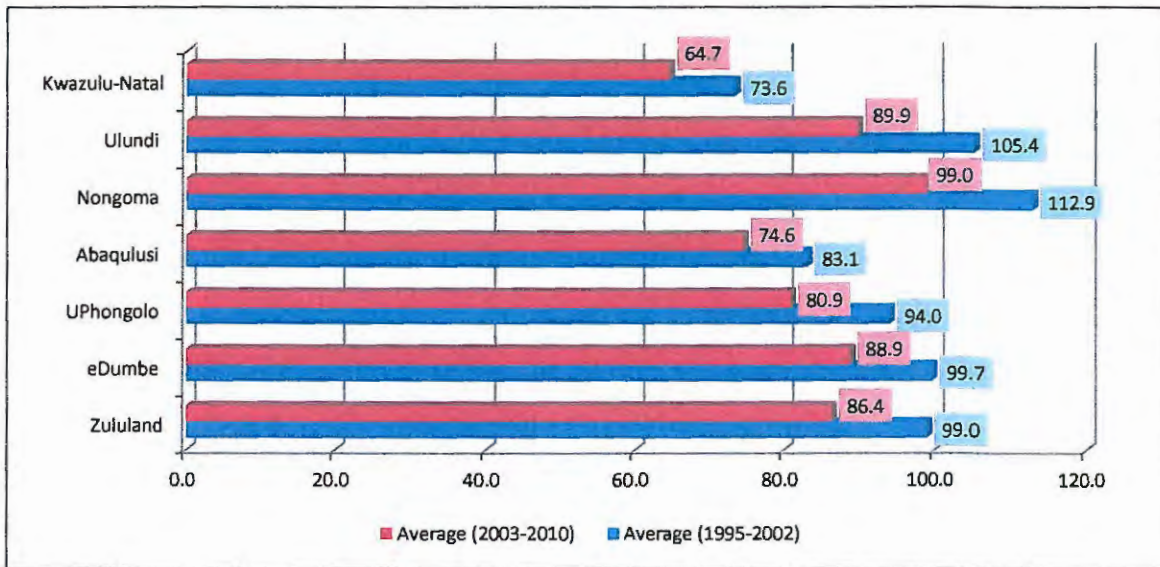
Municipality	2003	2005	2007	2009
eDumbe	10,959	10,102	9,311	7,918
uPhongolo	21,665	21,194	21,117	19,864
Abaqulusi	30,369	32,472	35,808	36,873
Nongoma	9,005	10,149	12,185	14,033
Ulundi	17,131	18,856	21,780	24,294
Zululand	89,129	92,773	100,201	102,983

The poverty rate in Zululand is 65.8% with the most impoverished communities living in Abaqulusi and Nongoma.

Dependency Ratio

The dependency ratio measures the proportion of the population that is outside the labour force and is dependent on the economic activity of those working. In South Africa, this is typically calculated as the proportion of the population between the ages of 0 to 14 plus those over 64 to those between the ages of 15-64. It is used to measure the pressure on productive population.

Nongoma and Ulundi posted the highest average dependency ratios, 112.9% and 105.4% respectively during the period 1995-2002. The same is true for the period 2003-2010, in which the two local municipalities recorded dependency ratios of 99% and 89.9%, for Nongoma and Ulundi respectively. In both periods, the dependency ratios were higher than the district average of 99% and 86.4% for 1995-2002 and 2003-2010 respectively. The graph below offers a graphic representation of the Dependency ratio.



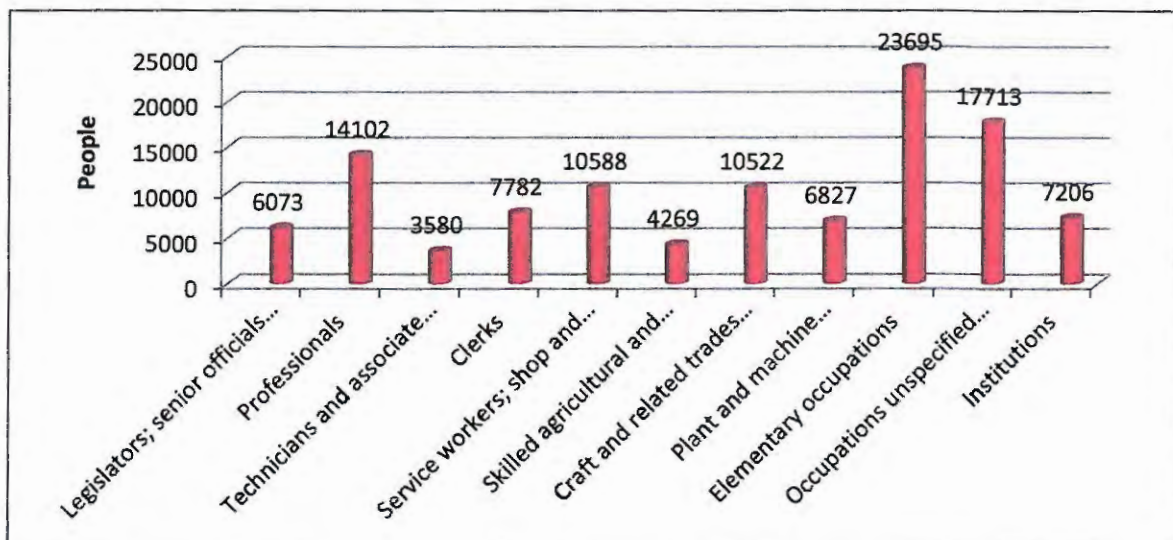
Source: Quantec 2011

HIV/AIDS

HIV/AIDS prevalence in the district stands at 34% [Department of Health, 2008], one percent higher than the national average. There is joint co-operation between the municipality and the Department of Health via IGR forums (District Steering Committee-chaired by her Worship the Mayor) and War Rooms to strategise and implement interventions to curb the scourge.

Levels of education

The following table gives an indication of the levels of education within the district.



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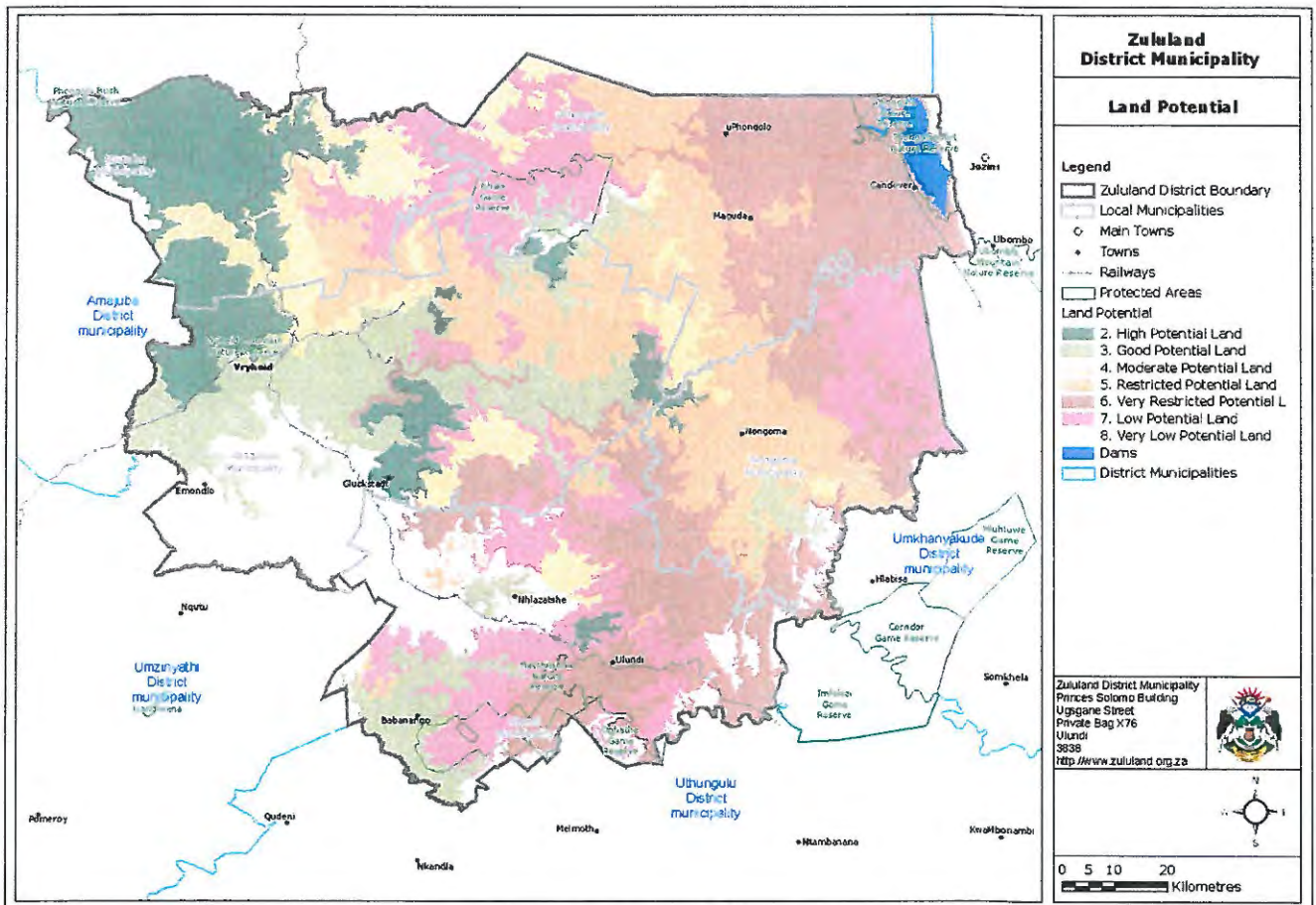
Source: Community Survey 2007

Natural Resources

The map below is an indication of the spatial location of the following natural resources across the district:

NAME	LOCATION	MUNICIPALITY	EXTENT (HA)
ITHALA GAME RESERVE	North of Louwsberg	uPhongola	26 328
NGOME STATE FOREST	NW of Nongoma	Abaqulusi	6 855
PONGOLAPOORT BIOSPHERE RESERVE	West of Pongola	uPhongolo	36 000
KLIPFONTEIN NATURE RESERVE	Vryheid	Abaqulusi	570
VRYHEID NATURE RESERVE	Vryheid	Abaqulusi	770
PONGOLA BUSH NATURE RESERVE	NW of Paulpietersburg	eDumbe	858
EMAKHOSINI HERITAGE PARK (INCORPORATING OPHATHE GAME RESERVE)	South of Ulundi	Ulundi	24000 (approx.)

Location of Natural Resources



Source: Zululand District Municipality GIS

The Zululand District is well endowed with **natural water resources**, making it ironic that the most urgent human developmental need is the provision of potable water. The District has the following notable natural water sources:

- the Pongola River in the North,
- the Mhlathuze in the South,
- and the Black Mfolozi,
- the White Mfolozi, and
- the Mkhuzi rivers in the central areas.

These rivers are fed by many smaller rivers, streams and springs and it is from these that the rural communities obtain their water in a purified or unpurified form. There are three main catchments in the District namely:

- the Pongola in the North,
- the Mkhuze in the Central areas, and
- the Mfolozi in the South.

Key Issues facing the District Municipality (Extract from the 2012-2017 IDP)

- Maintain functionality of Council structures
- Ensure MTAS is complied with
- Maintenance of EDMS system thereby ensuring accurate record keeping.
- Ongoing support to the LED sub-forums to continue functioning.
- Maintenance and continual improvement of GIS system.
- Ensure continued compliance with legal financial requirements.
- Improve vertical and horizontal alignment thereby ensuring coordinated service delivery by all spheres of government.
- Prioritization of needs of marginalized groups.
- Formulation and compliance with Risk Management Framework and Strategy.
- Maintain functionality of IDP organizational arrangements internally and externally.
- To further diversify the district's economy.
- Ongoing support of tourism initiatives.
- Harness agri-processing opportunities in the district, notably venison production, leather processing and traditional medicines.
- Foster timber product ion opportunities.
- Improve rural road network to ensure improve linkages between settlements, rural nodes and municipal centres.
- Harness opportunities relating to small scale mining.
- Ensure indigent policy remains updated and relevant.
- Ensuring ongoing monitoring of water balance in rural areas.
- Commit and implement approved MIG business plans for roll-out of water and sanitation services in the district.
- Ensure disaster management forums remain functional.
- Redress disparities between levels of services and development in the urban and rural areas.
- Improve access to formal waste disposal system.
- Provision of adequate land to cater for anticipated required burial space.

- Ongoing efforts to clarify the responsibilities between Local and District Municipality as well as the Department of Transport in respect of road maintenance and construction.
- Improve the limited capacity of the electricity network in the southern portions of the District.
- Improve functionality of Council oversight committee in particular.
- LLF (Local Labour Forum) to meet more regularly.
- Risk reduction strategies and actions to be defined and implemented.
- Seek clarification in respect of the land reform programme roll-out/implementation.

1.3. SERVICE DELIVERY OVERVIEW

Service Delivery is made up of the following KPAs which are the pillars of the multi-year strategic plan of council:

1. Infrastructure
2. Economic and Social Development
3. Financial Management
4. Institutional Transformation and
5. Democracy and Good Governance

Infrastructure

Infrastructure in terms of the mandate allocated to the municipality, relates to bulk water and sanitation provision.

The Zululand District Municipality is a Water Service Authority in its area of jurisdiction. The municipality is also a Water Service Provider in all local municipalities with the exception of Abaqulusi.

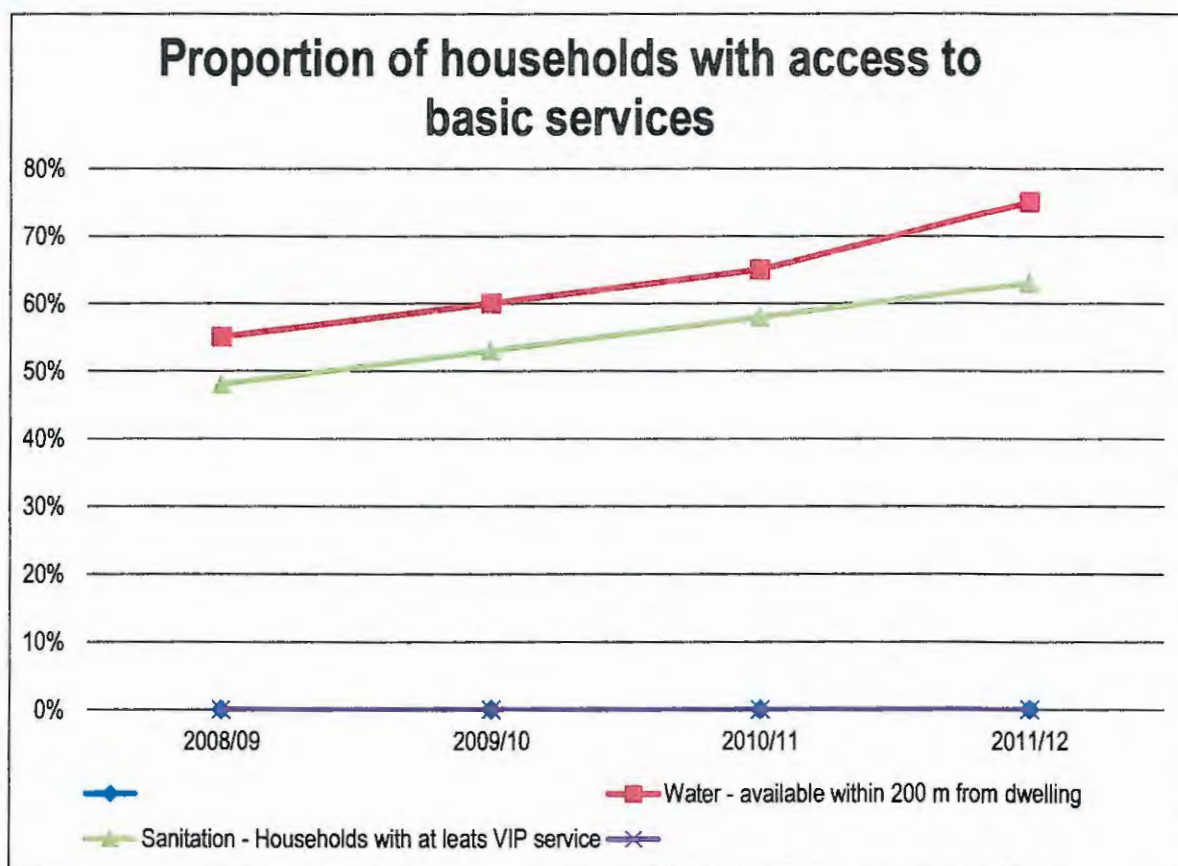
Road Infrastructure

Pending the completion of the Road Classification Programme (RISFSA) and other parallel programmes, the district is unable to perform this function.

Rural Roads Asset Management System

National Department of Transport via DORA has allocated more than R1.688, 000.00 to identified district municipalities to develop a rural road asset management system in line with the municipal finance management act. This grant will be issued every financial year for the next 3/4 years. The Zululand District Municipality is also covered under this multi-year programme expected whose expected completion is 2014/2015.

Proportion of Households with minimum level of Basic services				
	2009/2010	2010/2011	211/2012	2012/2013
Water - available within 200 m from dwelling	60%	65%	75%	
Sanitation - Households with at least VIP service	53%	58%	63%	



For the 13 consecutive years, ZDM received unqualified audit opinions from the office the Auditor General. In the 2010/11 financial year, the issues that prevented a clean audit opinion were the material adjustments and material water loses. The 2012/13 financial year an unqualified audit opinion was received from the office of the Auditor General. To improve the nature of the audit opinion, monthly reconciliations are performed.

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Seated from L-R: Cllr SE Nkwanyana, the Municipal Manager- Mr. JH de Klerk, the Honourable Mayor-Cllr VZ KaMagwaza Msibi, the Deputy mayor- Cllr SE Qwabe, Cllr VO Mbuyisa, Cllr BB Zwane and the Speaker, Cllr MA Hlatshayo.

MAYOR

CLLR VZ KAMAGWAZA-MSIBI

DEPUTY MAYOR

CLLR SE QWABE

SPEAKER

CLLR MA HLATSHWAYO

MEMBERS OF THE EXECUTIVE COMMITTEE

CLLR SE NKWANYANA

CLLR BB ZWANE

CLLR OV MBUYISA

CLLR ME KHUMALO

T2.1.1

- The Council of the Zululand District Municipality consists of 35 Councilors, 40% of which are proportionally elected and 60% elected to the district municipality from respective local municipalities. The Council is chaired by the Speaker, The Honourable Cllr MA Hlatshwayo.
- The Executive Committee is chaired by Her Worship The Mayor, Cllr VZ KaMagwaza-Msibi. The political parties represented in our council are the IFP (14), NFP (10), ANC (10) and the DA with (1) Councilors respectively.

	POLITICAL PARTY		SURNAME	NAME	%
DC26	ANC	PR(1)	Zulu	Richard Mxolisi	DC "40%"
DC26	ANC	PR(2)	Mabaso	Maria Buyisile	DC "40%"
DC26	ANC	PR(3)	Khumalo	Mkhawuleni Ettuel	DC "40%"
DC26	ANC	PR(4)	Lushaba	Mavis Thabisile	DC "40%"
DC26	IFP	PR(1)	Buthlezi	Phumzile TAN	DC "40%"
DC26	IFP	PR(2)	Mjaja	July Nelson	DC "40%"
DC26	IFP	PR(3)	Zwane	BongiweBenedicta	DC "40%"
DC26	IFP	PR(4)	Mncwango	Bhekithemba Jerome	DC "40%"
DC26	IFP	PR(5)	Lukhele	Thembelihle Brenda	DC "40%"
DC26	IFP	PR(6)	Nkwanyana	Sibusiso Elwin	DC "40%"
DC26	NFP	PR(1)	Msibi	Veronica Zanele	DC "40%"
DC26	NFP	PR(2)	Hlatshwayo	MpiyakheAlson	DC "40%"
DC26	NFP	PR(3)	Dumakude	Lucky Sithembiso	DC "40%"
DC26	NFP	PR(4)	Mbuyisa	Vusumuzi Osborn	DC "40%"
Abaqulusi	ANC		Ntshangase	Mncedisi Simon	LC"60%"
Abaqulusi	ANC		Qwabe	Sesi Esther	LC"60%"
Abaqulusi	DA		Nkosi	Sibusiso Raymond	LC"60%"
Abaqulusi	IFP		Buthlezi	Zaminhlahla.Simon	LC"60%"
Abaqulusi	IFP		Mhlungu	Richman Bonginhlanhla	LC"60%"
Abaqulusi	NFP		Hadebe	Israel Sizwe Muziwandile	LC"60%"
Pongolo	ANC		Nhlabathi	BawinileCycilia	LC"60%"
Pongolo	IFP		Mtungwa	Mbongiseni Milton	LC"60%"
Pongolo	NFP		Nxumalo	KwenzakakufaniEzaro	LC"60%"
eDumbe	ANC		Mbatha	Iigo Abel Thulani.	LC"60%"
eDumbe	NFP		Nhlabathi	Nomsa Margaret	LC"60%"

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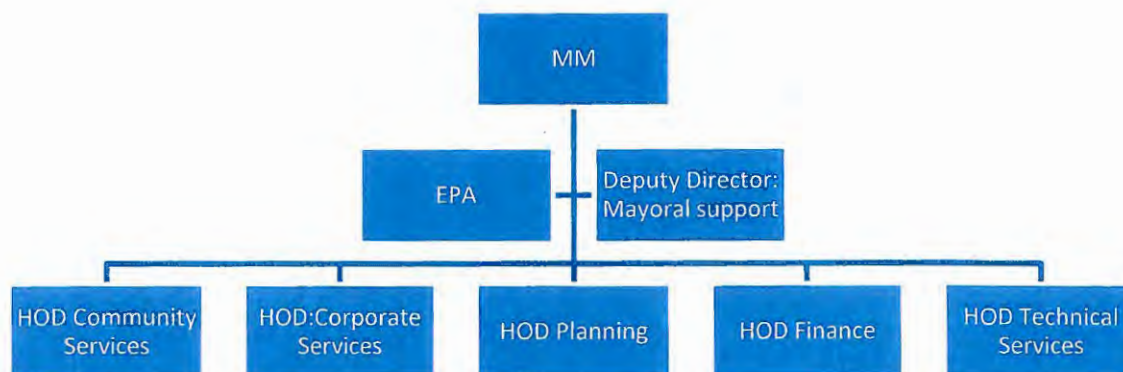
Nongoma	ANC		Xaba	Nemusa	LC"60%
Nongoma	IFP		Khumalo	Tholi Jane.	LC"60%
Nongoma	IFP		Dlamini	Qedi Maxwell	LC"60%
Nongoma	NFP		Zulu	Sbusiso Johnson	LC"60%
Nongoma	NFP		Zulu	Nomsa Fikile	LC"60%
Ulundi	ANC		Siyaya	Zanele	LC"60%
Ulundi	IFP		Buthelezi	Mkhawuleni Ezrom	LC"60%
Ulundi	IFP		Mkhize	Thokozani Kenneth	LC"60%
Ulundi	IFP		Ximba	Sindisiwe Pearl	LC"60%
Ulundi	NFP		Khumalo	Themba Lillian	LC"60%

POLITICAL DECISION TAKING

- Items are submitted through the relevant Portfolio Committee who then make recommendations to the Executive Committee which takes final decisions for implementation on matters delegated to them, and those not delegated are recommended to the Full Council for consideration. 100% of Council Resolutions were implemented in terms of decisions taken.

ADMINISTRATIVE GOVERNANCE

ORGANISATION HIGH LEVEL STRUCTURE





CORPORATE SERVICES

The Corporate Services is headed by Mr MN Shandu and plays a support role to line departments in the municipality's administration to assist frontline service and management departments manage their people and resources most effectively. The Corporate Services Department achieves this through ensuring the efficient and effective utilisation of common resources, systems and administrative processes, to enable management and service delivery sectors to perform optimally. The 4 broad strategic thrusts within the department are as follows:

- Management Services : Human Resources, Committees, Customer Care
- Auxiliary Services: Fleet management, Building management and Records
- Airport Services : Ensuring the full operation of the airport
- Disaster Management: Being able to assist the community in times of need

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

There are effective structures in place which support the co-operative governance and intergovernmental relations concept, however some challenges are being experienced in terms of the lack of knowledge of the aforementioned concepts from both provincial and local municipal structures.

2.3 INTERGOVERNMENTAL RELATIONS NATIONAL INTERGOVERNMENTAL STRUCTURES

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

1. Premiers Coordinating Forum
2. Provincial Disaster Management Advisory Forum
3. Provincial Aids Councils
4. Inter Departmental Committee: HIV/Aids
5. Provincial IDP Coordinating Committee
6. Provincial Batho Pele Forum

RELATIONSHIPS WITH MUNICIPAL ENTITIES

ZDM does not have any municipal entity

DISTRICT INTERGOVERNMENTAL STRUCTURES

Planning department

1. District Planners Forum
2. IDP Representative Forum
3. Pongola Port dam Inter Municipal Forum
4. Zululand / Umkhanyakude cross boundary bulk water supply Technical Committee

Community Services

Social Services

1. Human rights forum
2. Sports forum
3. Gender forum
4. Youth Council
5. Men's forum (about to be launched)
6. District Aids Council
7. Local Aids Council

LED Section

1. Tourism forum
2. Agricultural forum
3. Business forum

Corporate Services

District Disaster Management Advisory Forum
District Disaster Management Practitioners Forum
Skills Development Facilitators Forum

Finance

District CFO Forum: This forum comprises of all CFO's in the district.

Office of the Mayor and Municipal Manager

District Coordinating Forum
Mayors Coordinating Forum
Technical Committee

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA S15 (b): requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

T 2.4.0

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Y
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	Targets are developed annually
Are the above aligned and can they calculate into a score?	Y
Does the budget align directly to the KPIs in the strategic plan?	Y
Do the IDP KPIs align to the Section 57 Managers	Y
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Y
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Y
Were the indicators communicated to the public?	Y
Were the four quarter aligned reports submitted within stipulated time frames?	Partially
* Section 26 Municipal Systems Act 2000	
	T2.5.1

See Planning Chapter for further details.

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By-laws introduced during 2011 / 2012					
Newly developed	Revised	Public Participation Conducted Prior to Adoption of by-Laws (Yes / No)	Dates of Public Participation	By-Laws Gazetted (Yes / No)	Date of Publication
None	None	None	None	None	None
					T2.9.1

COMMENT ON BY-LAWS:

Note: MSA 2000 S11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Delete Directive note once comment is complete - Indicate the nature of the public participation that was conducted and on how the new by-laws will be enforced.

T2.9.1.1

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	12-Jun-13
All current budget-related policies	Y	12-Jun-13
The previous annual report (Year -1)	Y	12-Jun-13
The annual report (Year 0) published/to be published	Y	12-Jun-13
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Y	12-Jun-13
All service delivery agreements (Year 0)	Y	12-Jun-13
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Y	12-Jun-13
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	

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Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		
<i>T 2.10.1</i>		

3.1 HUMAN RESOURCE SERVICES

Employee: Financial Services					
Job level	2011/2012		2012/2013		
	Employees No.	Posts No.	Employees No.	Vacancies(fulltime equivalents) No.	Vacancies (as a % of total posts) %
	53	53	53	0	0
E2	1	1	1	0	0
E1	2	2	2	0	0
D5	3	3	3	0	0
D2	4	4	4	0	0
D1	7	7	7	0	0
B3	09	10	9	1	1%
C1	5	5	5	0	0
B2	13	13	13	0	0
B5	5	5	5	0	0
A1	1	1	1	0	0
A2	1	1	1	0	0
LO4	1	1	1	0	0

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SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

KP A NO	National General Key Performance Areas	FA No	Focus Area	Key Objective	Strategy	Action
3.1	Institutional Transformation	3.1.1	Employment Equity	To transform the organisation	To assess & review race, gender & disability imbalance	Regularly review & implement Employment Equity Plan
			Skills development & Capacity Building	To develop capacity in the organisation for effective service delivery	To assess & review skills development needs and address the gap	Annual review and implement Skills Development Plan
					To provide social support to employees	Regularly review and implement Employee Assistance Policy

Chapter 3

Development						Employees:		Planning		and	
Job Level	2011/2012		2012/2013								
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %						
	16	17	16	1	0						

Employees: Corporate Services

Vacancy rate					
Designation	*Total Approved Posts No.	*Variances (Total time that vacancies exist using fulltime equivalents) No.	*Variances(as a proportion of total posts in each category) %		
Municipal Manager	1	0	0%		
CFO	1	0	0%		
Other S57 Managers (excluding Finance Posts)	4	1	25%		
Other S57 Managers (Finance posts)	0	0	0		
Municipal Police	0	0	0		
Fire Fighters	10	10	0		
Senior management: Level 13 – 15 (excluding Finance posts)	13	0	0		
Senior management : Level 13 – 15 (Finance posts)	2	0	0		
Highly skilled supervision: levels 9 – 12 (excluding finance post)	50	3	6%		
Job Level	2011/2012	2012/2013			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) %
	40	40	40	0	0

AIRPORT SERVICES

INTRODUCTION TO MISCELLANEOUS (PROVISION OF AIRPORTS)

The District has been identified as a Tourists destination but challenged by inaccessibility and the airport has a potential of being a catalyst and key driver of the District's IDP and LED programmes.

A Strategy document outlining strategies and objectives being implemented to ensure viability of the airport is the yardstick according to which achievements made are measured. The objectives are implemented with key issues being: efficient operations of the facility, effective financial administration of facility, ensuring sustainability of the facility and reaping benefits of the facility. Major efficiencies are achieved through the development of an Operations Manual as per South African Civil Aviation Authority (SACAA) regulations and implementation of same on the day to day operations of the airport.

The R30m financial support received from the KZN Provincial Treasury facilitated infrastructural rehabilitation in compliance with the SACAA regulations depicted by ICAO specifications which led to the signing of the Memorandum of Understanding between Zululand District Municipality and Federal Aeronautics and Space Administration (NASA) for the Scheduled chartered flights between Pietermaritzburg and Ulundi. This propelled the institution of such flights with effect from the 28th March 2012.

The Airport received enormous publicity during the first Winter Air Tour that manifested itself in the form of two spectacular events i.e. the KZN Winter Air Tour Gala Dinner and the Air Show which were a great success, made possible by the signing of a ground breaking Memorandum of Understanding between the KZN Provincial Treasury and the Zululand District Municipality; which is an agreement that KZN Winter Air Shows will be held annually for three consecutive years.

ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION TO MUNICIPAL WORKFORCE

Municipality has human resource policies and procedures in place which ensure fair, efficient, effective and transparent personnel administration, such policies and procedures are reviewed annually to ensure relevance to the legislation.

Details	Total appointment as of beginning of financial year.	Terminations during the Financial year.	Turn - over Rate
2012/2013	732	93	13%
2010/2011	626	168	27%
2009/2010	684	84	12% T4.1.3
Details	Total appointment as of beginning of financial year.	Terminations during the Financial year.	Turn - over Rate
2011/2012	732	93	13%
2010/2011	626	168	27%
2009/2010	684	84	12% T4.1.3

Details	Total appointment as of beginning of financial year.	Terminations during the Financial year.	Turn - over Rate
2011/2012	732	93	13%
2010/2011	626	168	27%
2009/2010	684	84	12% T4.1.3

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4.3 INJURIES, SICKNESS AND SUSPENSIONS

Type of injury	Injury leave taken days	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
Required basic medical attention only	0	0	0	0	
Temporary total disablement	0	0	0	0	
Permanent disablement	0	0	0	0	
Fatal	0	0	0	0	
TOTAL	0	0		0	

Number of days and Cost of sick leave (excluding injuries on duty)								
Designations	Sick leave days with Dr's note	Sick leave days without Dr's note	Total sick days	Proportion of sick leave without medical certification %	Employees using sick leave No	Total employees in post No	Average sick leave per Employees Days	Estimated Cost R0.00
Municipal Manager and Section 57 HOD's	14	2	16	12.5%	3	6	0.66	
Other senior officials and managers	24	1	25	4%	6	15	0.16	
Professionals	46	10	56	17.85%	8	14	1.25	
Technicians and associate professionals	263	9	272	3.31%	21	54	0.43	
Community service workers	59	0	59	0%	7	33	0	
Clerical and Admin workers	585	146	731	19.97%	61	133	2.39	
Machine operators and drivers	189	0	189	0%	17	105	0	
Elementary occupations	983	7	990	71%	51	246	0.13	
TOTAL	2163	175	2338	7.48%	174	606	5.02%	

*Number of employees in post at the beginning of the year

* Average calculated by taking sick leave in column 2 divided by total employees in column 5

T4.3.2

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Number and Period of Suspensions

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reason why not Finalized	Date Finalized
No suspensions in the period				

Disciplinary Action Taken on Cases of Financial Misconduct

T4.3.6

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
None during this period			

4.4 PERFORMANCE REWARDS

Performance Rewards by Gender

Designations	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2011/2012	Proportion of beneficiaries within group
Lower skilled	M-F	n/a	n/a	n/a	n/a
Skilled	M-F	n/a	n/a	n/a	n/a
Highly Skilled production	M-F	n/a	n/a	n/a	n/a
Highly skilled supervision	M-F	n/a	n/a	n/a	n/a
Senior management	M-F	n/a	n/a	n/a	n/a
MM and S57	M	4	4		
					T4.4.1.1

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COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality comprises of a very diverse workforce with various occupations, this poses challenges in the sourcing of accredited training service providers. Adverts are being placed in the media, website and notice board for accredited service providers to provide quotations.

4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX

Management level	Gender	Employees in posts as at 30 June 2013	Number of skilled employees required and actual as at 30 June 2013											
			Leaverships			Skills programmes and other short courses			Other forms of training			Total		
			Planned 30 June 2012	Actual 30 June 2013	Target	Planned 30 June 2012	Actual 30 June 2013	Target	Planned 30 June 2012	Actual 30 June 2013	Target	Planned 30 June 2012	Actual 30 June 2013	Target
Councillors/legislators	Female	15			0	5	16	11		11	11	5	27	22
	Male	20			0	5	5	0		11	11	5	16	11
Municipal Manager and Section 57 HOD's	Female	1		1	1			0			0	0	1	1
	Male	5		2	2	1	1	0	2	3	1	3	6	3
Other senior officials and managers	Female	6	1	4	3	2	2	0		5	5	3	11	8
	Male	9		7	7	3	3	0		4	4	3	14	11
Professionals	Female	6	1	1	0	3	4	1		5	5	4	10	6
	Male	8			0	4	4	0		2	2	4	6	2
Technicians and associate professionals	Female	7			0	3	3	0		3	3	3	6	3
	Male	47			0	15	15	0		15	15	15	30	15
Community service workers	Female	4			0			0		1	1	0	1	1
	Male	29			0	6	6	0		3	3	6	9	3
Clerical and Admin workers	Female	76	13	13	0	10	14	4		19	19	23	46	23
	Male	57	7	7	0	4	8	4		2	2	11	17	6
Machine operators and drivers	Female	21			0	8	8	0			0	8	8	0
	Male	84			0	12	12	0			0	12	12	0
Elementary occupations	Female	63			0	19	19	0			0	19	19	0
	Male	183			0	53	53	0			0	53	53	0
Sub total	Fem	199	15	19	4	50	66	16	0	44	44	65	129	64

	Male	442	7	16	9	103	107	4	2	40	38	112	163	51
Total		641	22	35	13	153	173	20	2	84	82	177	292	115

FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated : Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4) (b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1		1	1	1	1
Chief financial officer	1		1	1	1	1
Senior managers	4		4	2	4	2
Any other financial officials	2		2	2		In process still
Supply chain management officials						
Heads of supply chain management units						
Supply chain management senior managers						

Skills Development Expenditure											
										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Councillors/legislators	Female	15			14250	24000			10448	14250	34448
	Male	20			14250	14250			3669	14250	17919
Municipal Manager and Section 57 HOD's	Female	1		24500						0	24500
	Male	5		49000	2850	2850	31500	40644		34350	92494
Other senior officials and managers	Female	6	35000	108500	13584	13584			13468	48584	135552
	Male	9		171500	22876	22876			5200	22876	199576
Professionals	Female	6	35000	35000	48406	51431				83406	86431
	Male	8			53218	53218			8598	53218	61816
Technicians and associate professionals	Female	7			10205	11058				10205	11058
	Male	47			87521	87521				87521	87521
Community service workers	Female	4								0	0
	Male	29			39416	44416				39416	44416
Clerical and Admin workers	Female	76	243900	243900	97635	112517			26000	341535	382417
	Male	57	126710	126710	41797	50223				168507	176933
Machine operators and drivers	Female	21			49382	49382				49382	49382
	Male	84			76287	76287				76287	76287
Elementary occupations	Female	63			89671	89671				89671	89671
	Male	183			250107	250107				250107	250107
Sub total	Female	199	313900	411900	323133	351643	0	49916		637033	813459
	Male	442	126710	347210	588322	601748	31500	58111		746532	1007069
Total		1282	440610	759110	911455	953391	31500	108027		1383565	1820528
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										%*	*R
T4.5.3											

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Number of Employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled	M-F	n/a
Skilled	M-F	n/a
Highly Skilled production	M-F	n/a
Highly skilled supervision	M-F	n/a
Senior management	M-F	n/a
MM and S57	M-F	

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	12-Jun-13
All current budget-related policies	Y	12-Jun-13
The previous annual report (Year -1)	Y	12-Jun-13
The annual report (Year 0) published/to be published	Y	12-Jun-13
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Y	12-Jun-13
All service delivery agreements (Year 0)	Y	12-Jun-13
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Y	12-Jun-13
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0		
T 2.10.1		

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Zweli Dladla: Head of Department: Technical Services

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation) a summary of free basic services.

3.1 INTRODUCTION TO BASIC SERVICES

Zululand District Municipality is by far, one of the most rapidly developing municipalities in KZN, with an estimated 80% of the district currently being rural and under developed. Particular focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP Toilet) Programme.

The RWSS programme provides the services to consumers by installing the yard taps as a long term plan for the District whereas the Interim Programme is deemed to comprise a combination of communal standpipes within 800m walking distances to fetch water and provision is also made for Sanitation services in form of a VIP Toilet Programme.

The principle of interim services initiative acknowledges a fact that there are large numbers of communal settlements that would have had to wait years to be addressed with basic services, but given their location in relations to socio and economic opportunities, Zululand District Municipality found every reason to provide them with interim services so that they are immediately addressed, and they should by no means be interpreted as a substitute for the Regional Development Plan for the District.

A table below reflects a notable comparative reduction in the percentage backlogs reduction, estimated at 2,5% in water and 2-3% in sanitation per annum.

Basic Services	Existing Backlog (Households) as at 30 June 2012	Existing Backlog (Households) as at 30 June 2013
Water	28 570	38 706
Sanitation	56 635	56 757

The discrepancy between 2012 and 2013 backlog figures are described in the 2013/2014 WSDP, and is due to an updated household count and settlement data sets which was revised during 2012/2013. The demographic details in the 2012/2013 WSDP document still reflects very old household count from aerial imagery flown in 2005/2006, and settlement details from as far back as 2001. The 2013/2014 WSDP document reflects the updated household count from 2010/2011 aerial imagery, and updated settlement details.

The table below summarises backlog figures over a period of 3 years. The household count for 2012/2013 was 142 543 against 157 854 in 2013. Settlements in 2012/2013 was 1 022, which increased to 1 122 in 2013/2014. The change in household and backlog figures is evident in the 2013/2014 year:

Table A.2 (d): 3-year Summary (water and sanitation backlogs against funding allocations)

YEAR	BACKLOGS(Households)		ALLOCATIONS			
	Water	Sanitation		Water		Sanitation
2010-2011	53 398	69 928	R	166 689 571	R	40 830 800
2011-2012	51 779	63 859	R	242 980 000	R	45 420 000
2012-2013	50 591	52 635	R	293 605 600	R	55 226 400
2013-2014	56 559	56 757	R	288 499 750	R	65 386 250

Another innovative intervention as an economic boost by the District was the successful reinstatement of the Ulundi Airport (Prince Mangosuthu Buthelezi Airport) during the 2012/2013. Ulundi Airport further houses an Economic and Tourism Hub within the airport premises, aimed at attracting local business and community cooperatives to generate improved income through improved market exposure by using these facilities. The entire implementation budget cost allocated for this project was in an excess of R 42 Million which was co-funded with, by the KZN Treasury and KZN Department of Corporate Governance and Traditional Affairs to assist and secure its full execution.

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Further to that, Zululand District Municipality implements its own internally funded CAPEX Projects Programme. As alluded to previously, a large number of settlements within ZDM are located to extremely out skirted rural areas, which makes access to basic education difficult and to a larger extent impossible, due to lack of educational facilities to these areas.

It is for this reason that ZDM identified a need to build crèches and some classes extensions where necessary, implemented under this programme which is monitored through the Municipality's CAPEX and WATER PROVISION PORTFOLIO COMMITTEE that receives quarterly feedback on progress of projects and its ultimate aim is to achieve 100% capital spend and to assess if any carry overs and budget relocations. This has proved to be an effective strategy to improve capital budget spend and thereby meeting the Government on its educational goals.

3.2 WATER PROVISION

For every goal to be achievable and worthwhile, it requires ultimate commitment and considerable amount of effort.

It is in this Annual Report that ZDM would like to share its vision and goal to become one of the Municipalities worthy of the Blue Drop and Green Drop Assessment Awards in the near future.

These assessments bring about an opportunity for all our Municipality's Departments to work together as a team towards achieving a common goal, which is qualification and attainment of this sought after awards. These assessments also involve audits for the management of Wastewater and the scope of work entailed in the treatment of waste waters before discharging back to our rivers.

The progress made by ZDM in the 2012/2013 Blue Drop/Green Drop Assessment Year is testament to how well on course we are and determined to improve our management of our Water & Sanitation services, for the benefit of the people that we serve.

We are also impelled by this achievement goal that we are determined to effect improvements on other operational areas such as Non-Revenue and Unaccounted for Water. Our focus area and challenge is to navigate our direction towards a best way forward through an improved approach for the 2013/2014 Year assessment.

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Unaccounted for Water (UAW PROGRAMME)

Zululand District Municipality implemented an UAW Programme during the 2012/2013 Financial year which has achieved some mixed results impacted by a large scope of physical ground work and equipment required to collect data for analysis purposes, and which is currently being undertaken. This programme is still at its inception phase but minor improvements of 25% of the 40% current water losses in the 2012/2013 Water Losses were realised.

The following interventions are currently being instituted to reach a target of 30% water losses by the 2013/2014 Financial Year:-

- Introduction of lowered pressure standards from an average of 600Kpa to 300Kpa subsequent to relevant studies.
- Replace domestic and non-domestic meters in line with Municipality's Asset Management Plan.
- Ensure every bulk water consumers and business consumers are metered and meters read monthly.

Operating Expenditure Year 2012/2013						
Water Services						
R'000						
Description	2011/2012	2012/2013				
	Actual Expenditure	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	40243158	118376189	0	118376189	0%	118376189
Repairs and Maintenance	33022469	90637417	0	90637417.1	0%	90637417
General Expenses	139954835	30300000	0	30300000	0%	30300000
Other	181098					
Total Operational Expenditure	213401560	239313607	0	239313607	0%	239313607
Net Operational Expenditure	213401560	239313607	0	239313607	0%	239313607

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Capital Expenditure Year 2012/2013						
Water Services						
R'000						
Capital Projects	2011/2012	2012/2013				
	Actual Expenditure	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	233124	234415	0	234415	0%	234415
Usuthu RWSS	52053	92843	0	92843	0%	92843
Nkonjeni RWSS	26426	30097	0	30097	0%	30097
Mandlakazi RWSS	12825	24670	0	24670	0%	24670
Simdlangentsha Central RWSS	10599	8793	0	8793	0%	8793
Simdlangentsha East RWSS	13662	16896	0	16896	0%	16896
Simdlangentsha West RWSS	9871	14077	0	14077	0%	14077
Gumbi RWSS	3500	3710	0	3710	0%	3710
Coronation RWSS	1544	1534	0	1534	0%	1534
Khambi RWSS	37349	490	0	490	0%	490
Rudimentary Water	65295	41305	0	41305	0%	41305

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Supt	1	1	1	0	0%
PO	2	2	2	0	0%
GA	16	16	16	0	0%
Total	19	19	19	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.2.7

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**FINE FINISH OF ULUNDI AIRPORT TURISM HUB
RECENTLY COMPLETED**



**CONSTRUCTION OF A 5 ML RESERVOIR AT ROOF LEVEL
FOR SIMDLANGENTSHA EAST RWSS**

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**CONSTRUCTION OF A 350ØDUCTILE IRON PIPE AT
USUTHU RWSS**

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Approximately 80% of citizens in Zululand are estimated to be indigent. The culture of non-payment which is being tackled at a political level both have negative effects on the sustainable provision of basic services. Funding is mainly in the form of grants such as MIG and DWA.

The fact that the municipality has a limited rates base means that sources of income are limited. A Revenue Enhancement Strategy has been budgeted for in the 2012/13 Financial Year which will analyse the financial position of the municipality and suggest options for alternative means of generating income for the

ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

ROADS

Road Infrastructure

Pending the completion of the Road Classification Programme (RISFSA) and other parallel programmes, the district is unable to perform this function.

Rural Roads Asset Management System

National Department of Transport via DORA has allocated more than R1.688, 000.00 to identified district municipalities to develop a rural road asset management system in line with the municipal finance management act. This grant will be issued every financial year for the next 3/4 years. The Zululand District Municipality is also covered under this multi year programme expected whose expected completion is 2014/2015.

There is an estimated 3000 kilometres of road within the district. Further data on the accurate length and condition of roads will be captured within the process of developing a rural roads asset management system.

TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

In 2008, the Zululand District Municipality reviewed its Current Public Transport Record to develop a Public Transport Plan.

A Multi-Year plan was developed to respond to key issues identified in the analysis of the state of public transport in the district. The table below is a summary of costs for implementation of interventions over a 5 year period.

SUMMARY OF COST FOR ZDM FOR A FIVE YEAR PERIOD	
Item	Estimated Cost
Operating Licence Strategy related projects	R39 150 000
Rationalisation Strategy	R660 000
Public Transport Plan	R 56 410 000
Total	R 96 140 000

Even if the plan is implemented in phases, the municipality does not have these funds and will continue to engage with its partners in government and private sector to source resources for implementation of interventions identified in the plan.

PLANNING AND DEVELOPMENT

In 2011-2012 financial year an allocation of R 227 million was received from MIG and was successfully spent 100% by the end of June 2012. Further R 55 million was received from DWA as a conditional grant.

The largest percentage of MIG funds was spent as follows: 79% was spent on water, 20% was spent on sanitation and 1% on sporting facilities. The large amount of money is currently spent in the development of bulk infrastructure and as the bulk line passes communities, reticulation networks are installed. The bulk infrastructure comprises of the terminal reservoirs, water treatment works, rising mains as well as secondary reservoirs whereas reticulation comprises of distribution main and households meter installations.

DWA funding only focuses on the bulk infrastructure.

Regional Water Supply Scheme	MIG	DWA	Project scope
Usuthu RWSS	R 55m	R 25m	Reservoirs,reticulation,risingmains,bulk line
Nkonjeni RWSS	R 28m		Reservoirs,reticulation,risingmains,bulk line
Mandlakazi RWSS	R 18m	R 30m	Bulk line and terminal reservoirs
Rudimentary	R 22m		Drilling of boreholes,testing, equipping and small schemes
Rural Sanitation	R 45m		Supply of VIP units and installation

PLANNING AND DEVELOPMENT



Stefan Landman: Head of Department: Planning

Consultation and Participation

The table below shows community engagement of various stakeholders on the IDP/Budget/Performance and LED process:

Phase/Activity	Proposed Timeframe	Completion
Situational Analysis	29 Sept 2012	
Development Strategies	16 Oct 2012	
Projects	20 Nov 2012	
Integration	15 Dec 2012	
Draft Approval	28 March 2013	
Final Approval	31 May 2013	

Water Service Authority

The section consists of 3 civil engineers and secretary in the planning and management of the Water Service Authority function.

The profile of the staff in terms of cost to employer is as follows:

Personnel	Total	Cost to Employer
Professional	3	R 1 250 500.00
Field (Supervisors/Foreman)	1	R 365 00.00
Office (Clerical/Administration)	1	R 195 502.00

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The responsibility of a Water Services Authority (WSA) is to ensure that water is adequately provided to every single individual households falling within its area of jurisdiction. The provision of water to consumers should be in accordance with the minimum quality and quantity standards set by The Department of Water Affairs (DWA). The Water provision should be sustainable, affordable and efficient.

Services Authority has the following Duties:

Duty to provide access to water services

This duty is subject to-

- a) the availability of resources;
- b) the need for an equitable allocation of resources to all consumers and potential consumers within the authority's area of jurisdiction;
- c) the need to regulate access to water services in an equitable way, with any prescribed norms and standards for tariffs for water services;
- d) the duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services;
- e) the duty to conserve water resources;
- f) the nature, topography, zoning and situation of the land in question; and
- g) the right of relevant water services authority to limit or discontinue the provision of water services if there is failure to comply with reasonable conditions set for provision of such service.

In ensuring access to water services, a water services authority must take into account among other factors-

- i. alternative ways of providing access to water services;
- ii. the need for regional efficiency;
- iii. the need to achieve the benefit of scale;
- iv. the need for low costs;
- v. the requirements of equity and
- vi. the availability of resources from neighbouring water services authorities.

The above is in accordance with the Water Services Act No. 108 of 1997.

Duty to prepare draft Water Services Development Plan (WSDP)

2.2 Water Services Development Plan (WSDP)

Every Water Services Authority must, within one year after the commencement of this Act-

- a) as part of the process of preparing any integrated development plan in terms of Local Government Transition Act, 1993 (Act No. 209 of 1993); or
- b) separately, if no process contemplated in paragraph a) has been initiated, prepare
 - i. a draft water service development plan for its area of jurisdiction and,
 - ii. a summary of a plan

The Content of draft Water Services Development Plan (WSDP)

The annual WSDP contains the following details:

- a) the physical attributes of the area to which it applies;
- b) the size and the distribution of population within the area;
- c) the time frame for the plan, including the implementation programme for the following five years;
- d) the existing water within the area of jurisdiction;
- e) the total number of backlogs both on water and sanitation within the area expressed as a number of households figures as well as a percentage compared to the entire area where services are provided;
- f) the operations; maintenance; repair and replacement of existing and future infrastructure
- g) the WSDP must display the number and location of persons to whom water services cannot be provided within the next five years setting out-
 - i. the reason thereof;
 - ii. the time frame within which the it may be reasonably be expected that
 - a basic sanitation will be provided to those people, and
 - iii. of existing and proposed water conservation, recycling and environmental protection measures.

2.2.1 Water Service Development Plan Process

The Zululand District Municipality WSDP for 2012/2013 was completed and approved by council on 31 May 2013.

The following key issues were addressed by the 2012/2013 WSDP:

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- Eradication of water backlogs through Regional schemes rollout and Rudimentary programme.
- Eradication of sanitation backlogs.
- Water supply to schools and clinics.
- Refurbishment requirements of water and sanitation infrastructure

There are three types of water service delivery

1. Regional Water Supply schemes
2. Rudimentary Water Supply scheme
3. Stand alone scheme

Water Services Development Plan (WSDP)

The WSDP is a multi-year sectoral plan addressing water and sanitation backlogs and infrastructure. Backlogs below are extracted from the 2012/13 WSDP;

WATER	TOTAL HOUSEHOLDS	BACKLOGS	% BACKLOGS	% OF TOTAL BACKLOGS
AbaQulusi LM	36,069	8,847	24.53%	17.49%
eDumbe LM	15,011	3,712	24.73%	7.34%
Nongoma LM	34,056	21,398	62.83%	42.30%
Ulundi LM	35,309	12,295	34.82%	24.30%
uPhongolo LM	22,098	4,339	19.64%	8.58%
Total	142,543	50,591	35.49%	100.00%

SANITATION	TOTAL HOUSEHOLDS	BACKLOGS	% BACKLOGS	% OF TOTAL BACKLOGS
AbaQulusi LM	36,069	6,714	18.61%	12.76%
eDumbe LM	15,011	765	5.10%	1.45%
Nongoma LM	34,056	21,808	64.04%	41.43%
Ulundi LM	35,309	17,395	49.27%	33.05%
uPhongolo LM	22,098	5,953	26.94%	11.31%
Total	142,543	52,635	36.93%	100.00%

Performance Management Systems

In response to the impact of global warming, the municipality has moved away from the manual to an electronic performance management system to minimize the use of papers and files. The system was completed and tested and it is now fully functional.

The Performance Annual Report for the 2012/13 financial year is attached as annexure to this report.

Spatial Development Framework

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As part of the IDP Process, the Spatial Development Framework will be developed in line with the Municipal Systems Act No 32 of 2000. The SDF which is a spatial manifestation of municipal strategies and roll out of municipal services will be linked with National and Provincial principles so that it is implementable. Zululand District Municipality has reviewed its Spatial Development Framework which was incorporated and adopted on the 30th May 2013 along with the IDP.

A Comprehensive Infrastructure Plan or Infrastructure Investment Plan will be developed by the municipality to properly quantify all sectoral backlogs and the cross-cutting impact. Estimated completion is **June 2014**.

Rural Roads Asset Management System

Please refer to early chapters in the report.

Development Planning Shared Services

In response to the new statutory function allocated to municipalities in terms of the new Planning and Development Act, a new unit of called Development Planning Shared Services (DPSS) was established to capacitate and support municipalities in the Zululand area in terms of Development Planning and Geographic Information Systems. Funding contribution are staggered over a 3 year period with financial support from Co-Operative Governance and Traditional Affairs. Thereafter, the Shared Services will be funded in total by the Zululand Family of Municipalities.

Divided into two Directorates of Planning and GIS, the section consists of 8 staff including Planners, Geographic Information Systems Officials, Administrators and Secretary.

In terms of an arrangement between the Zululand Family of Municipalities, the Planning Directorate is placed at Abaqulusi Local Municipality owing to its central location.

The key objective of the Planning Directorate is to assist and capacitate local municipality planners in terms of the new Planning and Development Act, Statutory and Strategic Planning. The key objective of the GIS Directorate is to assist local municipalities and the district to manage and upgrade technical GIS capacity.

Spatial Planning

Municipalities who are contributing financially to the administration of the DPSS have already begun reaping the benefits in terms of assistance in dealing with current and

new development applications. In terms of the new Planning and Development Act, municipalities are in the process of taking over the balance of planning functions that were previously carried out at a Provincial level. This it is hoped, will improve and fastrack development application processes. Development Planning Shared Services has and continues to guide Zululand municipalities through this process.

There are various support functions that were performed by Development Planning Shared Services including;

(a) Delegations

Municipalities are not in a position to authorise development applications without having delegations approved by council and the MEC in place in terms of the Planning and Development Act. Delegations in all of the local municipalities have been adopted and are at various stages of approval.

(b) Training and capacity building of Planning Officials

Conditions in the Planning and Development Act are new to municipalities. Therefore monthly workshops are held in partnership with Co-Operative Governance to improve levels of understanding of planning procedures and standards of Planners in Zululand.

(c) Training of Municipal Councillors and Traditional Authorities

Allocation of land involves different stakeholders and custodians of land including traditional authorities. Councillors also play a role in the approval process of development applications.

Training for councillors and traditional authorities to understand their roles and responsibilities of the new Planning and Development Act took place in February 2012.

(d) Assessment of Building Plans

In order to improve capacity of municipalities to deal with building plan approval, a position for a Building Inspector has been created within the development Planning Shared Services to support all municipalities in Zululand.

In the interim, Development Planning Shared Services continue to support municipalities in Zululand to fulfil this role.

(e) Assessment of Development Applications

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In order to sign off on approved development applications, Municipal Planners must be registered with the South African Council of Planners. Development Planning Shared Services are supporting Municipal Planners in Zululand to ensure that they are all registered.

Furtherto, Development Planning Shared Services have been supporting municipalities to assess more than 27 development applications in line with the new Planning and Development Act.

(f) Review of Spatial Development Framework

Nongoma Local Municipality and Edumbe Local Municipalities have reviewed their Spatial Development Frameworks and Land Use Management Systems respectively. Nongoma council must now approve the framework.

Ulundi Local Municipality has reviewed its Town Planning Scheme and is finalising development of its Spatial Development Framework.

Zululand District Municipality will commence with the review of its Spatial Development Framework and Land Use Management Framework in this financial year.

(g) Integrated Development Planning Support

Development Planning Shared Services have also supported local municipalities with their Integrated Development Plans, most notably Nongoma Local Municipality.

Development Applications received during the period under review

PDA Application: Status	Local Municipality					Total
	Ulundi	Nongoma	uPhongola	eDumbe	Abaqulusi	
Subdivision	1	2	2	3	2	10
Subdvision, Consolidation & Rezoning	0	0	0	1	0	1
Subdvision& Rezoning	1	0	1	1	0	3
Rezoning	0	0	0	2	2	4
Development of Land	0	0	0	0	1	1
Development situated the area of a scheme	4	0	0	0	0	4
						23

Geographic Information Systems

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Development Planning Shared Services is also in the process of developing and improving Geographic Information Systems capacity of the Zululand Municipalities.

The following challenges with Geographic Information Systems were identified for Zululand Municipalities;

- a. Outdated hardware and software equipment
- b. Limited management of information
- c. Data sitting with consultants not handed over to the municipalities
- d. Limited institutional preparedness
- e. Limited knowledge capacity

The GIS Unit with the Development Planning Shared Services has now been operational for 3 years. Tremendous progress has been made in ensuring that the Zululand family of municipalities has an effective district-wide geographical information platform which can support decision-making especially around the area of development planning, as per the original mandate.

Strides have also been made in providing GIS support not only to planning departments in Municipalities but also to other departments like Finance and Technical Services.

Key Projects:

MPRA Mapping Project.

One key project initiatives that is being driven by the GIS Unit with Finance departments in Local Municipalities is the Municipal Public Rates Act (MPRA) mapping project. It is a key project. The main purpose of this initiative is to provide GIS support which seeks to assist Local Municipalities in complying with provisions of the MPRA act which give the Municipalities the right to impose rates on property owners and recover this revenue. The contribution of GIS in this endeavor is to map the spatial distribution of rate paying customers and identify the geographical locations of where people are not paying rates or complying with the act so that the Municipalities can take necessary action. At this stage, property valuation rolls of all the Local Municipalities have been mapped. The next phase of the project is to link the spatial data with billing information so that municipalities can see where people where customers who are not paying rates are geographically located.

ArcREADER Development Initiative

The main purpose of this project was and still is, to bring geographical information closer to the people that need to use it i.e. decision-makers. In other words make it

more accessible. The secondary aim was use access to geographical information as a means of aiding the improvement of the quality of the information so that the system can be more relevant. Over 100 people were provided with GIS training in all Zululand Municipalities from Municipal Manager's to HOD to senior managers. ArcReader GIS software was installed on their computers and training manuals on how to use the GIS software was also provides. This initiative is currently being duplicated in other Municipalities in KZN as GIS best practice initiative which seeks to make Municipal staff more geographically literate about the areas in which they work and enable them to make better evidence based-decisions.

The following challenges with Geographic Information Systems were identified for Zululand Municipalities;

- a. Outdated hardware and software equipment
- b. Data sitting with consultants not handed over to the municipalities
- c. Limited knowledge capacity

Outdated software and hardware still remains a challenge in some municipalities. This is a challenge because it limits our ability to share GIS information with Municipalities especially those that have some internal GIS capacity.

The issue of data sitting with consultants and not being handed over to municipalities is also a challenge because it forces Municipalities to be dependent on consultants for information which they should have the intellectual property rights to, since they paid the consultants to produce such information. To try and address this GIS Unit has drafted a GIS Data Specifications policy document to all Municipalities for adoption. This specification is a brief technical document that sets the standard for the supply of digital spatial data sets by Consultants/Professional Service Providers undertaking studies and/or projects for Municipalities to incorporate them into their corporate Geographic Information System (GIS).

Most Municipalities have chosen ESRI ArcView as its corporate GIS software platform, and thus this specification has been formulated to ensure that work carried out for the municipality is delivered in a format and to a standard that is acceptable to their GIS requirements. Due to staff and budget constraints, the exercise of converting, "cleaning" and correcting of spatial data by the municipal GIS staff must be eliminated. The policy document calls for Consultants/Professional Service

Providers to be required to deliver spatial data sets in accordance with this technical specification, and must ensure that the final project datasets supplied to the municipality are free from ambiguities. We hope that the inclusion of this policy as an addendum to the appointment letters of professional service providers in Municipalities will enable Municipalities to have control over their geographical information.

GIS Capacity is yet another challenge. Although strides have been made to provide basic GIS training to staff, more needs to be done. The Geomatics Bill, which is the piece of legislation which regulates the GIS/ Geomatics Profession in South Africa, has been tabled before parliament for enactment. The Bill, "provides for different categories of registered persons". Section 13 of the Bill, outlines the categories under which a person may be registered for them to practice. Sub-section 2 (a) states that a person may not perform any work which is reserved for any of the categories unless they work under the supervision of a registered person and such registered person assumes responsibility for any work performed. Most, if not all provincial and national government departments are currently complying with the provisions of the Bill. It is important and recommended that municipalities also comply with the Bill so that they are not left wanting when it is enacted. Currently no Zululand Municipality is compliant with provisions of the act.

Shared Services GIS Strategic Plan

The GIS Unit is currently finalizing a Shared Services GIS Strategic Plan for the 2013/14 financial year. This purpose of this plan is to identify the strategic Geographical Information System (GIS) needs of municipalities in Zululand and develop a strategic direction and action plan which will enable the delivery of effective GIS support to municipalities. All Municipalities will be engaged so that needs can be identified for an implementation plan to be set in motion.

Details	R'000				
	Year 2010/11 Actual	Original Budget	Adjustment Budget	Year 2011/12 Actual	Variance to Budget
Total Operational Revenue	0	2688	0	14233	81%
Expenditure:					0%
Employees	0	7679	0	10107	24%
Repairs and Maintenance	0	0	0	0	0%
general expenses		5916		12684	53%
Other	0	0	0	0	0%
Total Operational Expenditure	0	13595	0	22791	40%
Net Operational Expenditure	0	10907	0	8558	-27%

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

T 3.10.5

The Strategic Direction of the municipality is guided by 5 key performance areas namely:

1. Basic Service Delivery
2. Social and Economic Development
3. Good Governance and Public Participation
4. Democracy
5. Municipal Institutional Transformation

Municipal Strategic Implementation Plan

KPA: Basic Service Delivery

Critical Success Factor: Water & Sanitation

Key Objective: To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district

Objective	Unit of measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Review and facilitate the District WSDP	Date	Approved WSDP plan	1	-	HOD:Planning	31-May	Identify and agree on areas for review by 30 Sept 2012	Briefing with Service Provider by 30 Nov 2012	Draft WSDP submitted to Council for approval by 30 Mar 2013	Approved plan by 30 Jun	30-Jun	30-Jun	30-Jun	-
Provide free basic water	%	Percentage of households with access to basic level of water (as per WSDP)	2	-	HOD:Technical Services	64.51%	0.35%	0.14%	0.21%	0.20%	0.90%	0.90%	0.90%	All
							64.86%	65.00%	65.21%	65.41%	65.41%	65.45%	65.45%	
	Number					91952	500	200	300	286	1286	1286	1286	All
							92452	92652	92952	93238	93238	93238	93238	
Improve access to free water	%	Percentage of households earning	3	-	HOD:Technical Services	64.51%	0.73%	0.42%	0.49%	0.33%	1.97%	1.97%	1.97%	All
							65.24%	65.66%	66.15%	66.48%	66.48%	66.48%	66.48%	

	Number	less than R1100 pm with access to free water (Note: Rudimentary LOS included)				91952	550	400	400	186	1536	1536	1536	All
							92502	92902	93302	93488	93488	93488	93488	
Improve water quality	Number	Number of water quality tests as per the approved strategy	4	No. of water quality as per SANS 241	HOD:Technical Services	1735	459	459	459	459	1836	1836	1836	All
Provide free basic sanitation services	%	Percentage of households with access to basic level of sanitation (as per WSDP)	5	-	HOD:Technical Services	63.07%	0.70%	1.6%	1.6%	0.7%	4.6%	4.6%	4.6%	All
						63.77%	65.37%	66.97%	67.67%	67.7%	67.7%	67.7%		
	Number	89902				1000	2300	2300	1000	6600	6600	6600	All	
		90902				93202	95502	96502	96502	96502	96502	96502		
Improve access to free sanitation	%	Percentage of households earning less than R1100 pm with access to free basic sanitation	6	-	HOD:Technical Services	63.07%	0.70%	1.6%	1.6%	0.7%	4.6%	4.6%	4.6%	All
						63.77%	65.37%	66.97%	67.67%	67.7%	67.7%	67.7%		
	Number	89902				1000	2300	2300	1000	6600	6600	6600	All	
		90902				93202	95502	96502	96502	96502	96502	96502		

Key Objective: To deliver and regulate water services in a structured manner

Objective	Unit of	Indicator	K PI	Standard	Program driver	Baseline	2012/13 projections			2013/14	2014/15	2015/16	Ward
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	meas ure		No				Q1	Q2	Q3	Q4	Annu al target	Annu al target	Annu al target	
Ensure that legislated water policies are reviewed and updated	Number	Approved identified policies and bylaws	7	-	HOD:Planning	31-May	Identify policies and bylaws for review by 30 Sept 2012	Briefing with Service provider by 30 Nov 2012	Draft policies and bylaws circulated to HOD's for comment by 30 Mar 2013	Reviewed policies and bylaws submitted by MM to 30 Jun 2013	30-Jun	30-Jun	30-Jun	-
Effectively monitor WSP's	Number	Number of WSP reports submitted	8	-	HOD:Planning	24	Review Skills Audit Form	4	6	8	8	8	8	-

Key Objective: To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district

Objective	Unit of meas ure	Indicator	K PI No	Stand ard	Program driver	Baseline	2012/13 projections				2013/ 14	2014/ 15	2015/ 16	Ward
							Q1	Q2	Q3	Q4	Annu al target	Annu al target	Annu al target	
Implement effective Customer Care	Hours	Notification of community on planned water supply interruptions	9	-	HOD:Technical Services	41 hr	48hr	48hr	48hr	48hr	48hr	48hr	48hr	All
Effectively utilise MIG allocation	%	% MIG grant funds spent on approved projects	10	-		100%	6% by 30 Sept	26% by 28 Dec	66% by 28 Mar	100% by 30 June	100%	100%	100%	All

Maximise the implementation of IDP identified projects	%	% capital budget actually spent on IDP projects identified	11	-	HOD:Planning, Technical Services and Corporate Services	100%	20% by 30 Sept	40% by 28 Dec	70% by 30 Mar	100% by 30 June	100%	100%	100%	All
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Critical Success Factor: Disaster Management

Key objective: To deal with Disasters efficiently & effectively in the district

Objective	Unit of measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Effective coordination of DM plan implementation	Number	Disaster management forum meetings	12	-	HOD:Corporate Services	-	1 by 30 Sept 2012	1 by 30 Dec 2012	1 by 30 Mar 2013	1 by 30 Jun 2013	4	4	4	-
Create awareness of hazards and disasters	Number	Disaster Management awareness campaigns	13	-	HOD:Corporate Services	57 awareness campaigns	3 by 30 Sept 2013	3 by 30 Dec 2012	3 by 30 Mar 2013	3 by 30 Jun 2013	12	12	12	-
Review and facilitate the district Disaster Management plan	Date	Approved Disaster management Plan	14	30-Jun	HOD:Corporate Services	31-May	Identify areas of review by 30 Sep 2012	Discuss collected data on identified areas for review by 28 Dec 2012	Submit draft DM plan to MM by 31 March 2013	Submit final DM plan to MM by 30 Jun 2013	30-Jun	30-Jun	30-Jun	-

Critical Success Factor: Municipal Airport

Key Objective: To viably establish, operate and maintain a Regional Airport that contributes to the growth and development of the district

Objective	Unit of	Indicator	KPI	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
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	meas ure		N o				Q1	Q2	Q3	Q4	Annu al target	Annu al target	Annu al target	
Review and facilitate airport services	Date	Approved airport plan	15	-	HOD:Corporate Services	-	Identify areas of review by 28 Sep 2012	Discuss collected data on identified areas for review by 31 Dec 2012	Submit draft airport plan to MM by 31 March 2013	Submit final airport plan to MM by 30 Jun 2013	30-Jun	30-Jun	30-Jun	-
Review and facilitate airport services	Date	Implement identified activities from the Airport plan	16	-	HOD:Corporate Services	120%	Implement 25% of identified activities from the plan by 30 Sep	Implement 50% of identified activities from the plan by 31 Dec	Implement 75% of identified activities from the plan by 31 Mar	Implement 100% of identified activities from the plan by 30 Jun	100%	100%	100%	-

KPA: Municipal Financial viability and management

Critical success factor: Sound Financial Management

Key objective: To promote good financial practices

Objective	Unit of meas ure	Indicator	K PI N o	Stand ard	Program driver	Baseline	2012/13 projections				2013/ 14	2014/ 15	2015/ 16	War d
							Q1	Q2	Q3	Q4	Annu al target	Annu al target	Annu al target	
Improve revenue collection	Ratio	Outstanding service debtors recovery rate to revenue	17	-	CFO	0.9	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-
Improve supply chain application	Number	Successful appeals	18	-	CFO	-	0	0	0	0	0	0	0	-

Process payments in time	Days	Processing time of invoices	19	30 days	CFO	1	30	30	30	30	30	30	30	-
Complete and submit accurate annual financial statements	Date	Review and submit Financial Statements	20	31-Aug	CFO	31-Aug	Submit financial statements by 31 Aug	Prepare and submit Financial Statements 30 days after quarter end	Prepare and submit financial statements 30 days after quarter end	Prepare and submit financial statements 30 days after quarter end	31-Aug	31-Aug	31-Aug	-
Complete and submit accurate annual financial statements within the specified time period	ature of audit opinion	Unqualified (u.q) audit opinion	21	-	CFO	U.Q	-	U.Q	-	U.Q	U.Q	U.Q	U.Q	-
Budget for ZDM annually	Date	Approved final budget	22	-	CFO	31-May	-	-	Budget tabled by 31 Mar	Submit approved budget to Treasury by 30 May	30-May	30-May	30-May	-
Have an effective Auditing Function	Number	Performance audit committee meetings scheduled	23	-	CFO	4	1	1	1	1	4	4	4	-
Have an effective Auditing Function	%	% audit queries addressed from the AG report	24	-	CFO	-	75%	75%	75%	75%	75%	75%	75%	-
Develop a Financial Plan (i.e. Budget Process and Time Table)	Date	Approved financial plan	25	-	CFO	-	-	-	Table draft financial plan by 31 Mar	Submit financial plan for approval by 30 Jun	30-Jun	30-Jun	30-Jun	-

Increase the cost coverage ratio	Ratio	Cost Coverage ratio	26	-	CFO	25.24	3	3	3	3	3	3	3	-
Increase the dept coverage ration	Ratio	Debt Coverage Ratio	27	-	CFO	10	3	3	3	3	3	3	3	-

Key Objective: To be a financially viable municipality

Objective	Unit of measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Provide sufficient cash resources	%	Operating budget funded from cash	28	-	CFO	100%	96%	96%	96%	96%	96%	96%	96%	-
Report timely and accurately	Date	Approved annual report	29	-	CFO	29-Mar	-	-	Table annual report with Council by 25 Mar	Council oversight report by 31 Mar	31-Mar	31-Mar	31-Mar	-
Produce accurate statements	%	% of account adjustments effected	30	-	CFO	-	3%	3%	3%	3%	3%	3%	3%	-
Keep a minimum cash balance to cover average monthly expenditure	Days	Number of days with excessive funds in current account in relation to strategy	31	-	CFO	60 days	60	60	60	60	60	60	60	-
Align Capital Programme and IDP	%	% of capital projects budgeted for in accordance	32	-	CFO	100%	95% by 30 Sept	95% by 31 Dec	95% by 30 Mar	95% by 30 Jun	95%	95%	95%	-

		e with the IDP												
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Local Economic Development

Critical Success Factor: District Tourism

Key objective: To promote Tourism in the District

Objective	Unit of measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Co-Ordinated and Integrated Regional Economic Development	Date	Approved LED Strategy	33	30-Jun	HOD:Community Services	-	Draft tender by 28 Sept	Advertise tender by 31 Dec	Appoint service provider by 31 Mar	Submit LED strategy for approval by 30 Jun	30-Jun	30-Jun	30-Jun	-
Co-Ordinated and Integrated Regional Economic Development	Number	Number of tourism awareness and training workshops held	34	-	HOD:Community Services	-	2	2	2	2	8	8	8	No

Key objective: To improve the economy of the district, through the creation of job opportunities and additional economic activities

Objective	Unit of	Indicator	KPI	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
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	measure		No				Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Co-Ordinated and Integrated Regional Economic Development	Number	Number of jobs created through LED initiatives and capital projects	35	-	HOD:Community Services	419	50	100	150	200	200	200	200	-
Increase implementation capacity	Number	Number of approved LED Business plans	36	-	HOD:Community Services	11	2	2	2	2	8	8	8	-
Effectively co-ordinate LED in the District	Number	Number of LED Forums/Sub-Forum meetings held	37	-	HOD:Community Services	8	2	2	2	2	8	8	8	-
Effectively co-ordinate LED in the District	Number	Number of LED projects implemented	38	-	HOD:Community Services	-	1	1	1	1	4	4	4	All

Critical success factor: HIV/AIDS

Key objective: To reduce the impact of HIV/AIDS

Objective	Unit of measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	

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Plan and implement institutional measures that would reduce the impact of HIV/AIDS	Date	Approved HIV/AIDS Strategy	39	-	HOD:Community Services	28-Jun	Evaluate and assess the implemented strategy by 30 Sep	Identify areas to be reviewed by 31 Dec	Update draft strategy by 31 Mar	Submit revised LED strategy by 30 Jun	30-Jun	30-Jun	30-Jun	-
Create HIV/AIDS awareness and education	Number	Number of awareness campaigns held	40	-	HOD:Community Services	11	3	3	3	3	12	12	12	No

Critical success factor: Youth & Gender

Key objective: To develop and empower Youth & Gender

Objective	Unit of Measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Access sufficient resources to implement Youth and Gender Programmes	Number	Number of approved Youth & Gender related Business Plans submitted for funding	41	-	HOD:CS	6	1	1	1	1	4	4	4	-
Strategically plan development and empowerment initiatives for youth and gender	Date	Approved youth and gender strategy	42	-	HOD:CS	28-Jun	Evaluate and assess the implemented strategy by 28 Sep	Identify areas to be reviewed by 31 Dec	Update draft strategy by 31 Mar	Submit revised strategy by 30 Jun	30-Jun	30-Jun	30-Jun	-

E-ble participation and create awareness of Councils Youth and Gender Programmes	Number	Number of District Youth & Gender Councils Meetings held	43	-	HOD:CS	1	1	1	1	1	4	4	4	-
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Critical success factor: Community Development

Key objective: The social upliftment of the communities in ZDM

Objective	Unit of Measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Reduce poverty by implementing Community Development Projects	Number	Number of people participating in ZDM Community Capacity Building Programmes	44	-	HOD:CS	510	125	125	125	125	500	500	500	-
Implement food production compliance	Number	Number of food production site inspection reports	45	-	HOD:CS	-	3	3	3	3	12	12	12	No
Enhance mortuary compliance	Number	Number of mortuary inspections reports	46	-	HOD:CS	-	3	3	3	3	12	12	12	No

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Reduce poverty by implementing Community Development Projects	Number	Number of Capacity Building related Business Plans submitted	47	-	HOD:CS	-	1	1	1	1	4	4	4	-
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Good Governance & Public Participation

Critical success factor: Compliance, Clean and Sound Administration

Key objective: To promote good governance, accountability & transparency

Objective	Unit of Measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Improve community and stakeholder participation	Date	Approved communication strategy	48	-	MM	-	-	-	-	30-Jun	30-Jun	30-Jun	30-Jun	-
Spend grant funding	%	Percentage of allocated grant funds spent	49	-	HOD: P, CFO	100%	20% by 30 Sept	40% by 28 Dec	70% by 30 Mar	100% by 30 Jun	100%	100%	100%	-
Improve governance	Date	Approved fraud prevention strategy	50	-	CFO	-	Evaluate and assess the implemented strategy by 30 Sep	Identify areas for review by 31 Dec	Draft strategy submitted to MM by 31 March	Submit revised strategy to MM by 30 Jun	30-Jun	30-Jun	30-Jun	-
Manage performance effectively	Number	Number of signed Sec 57 performance agreements	51	-	MM	-	100%	-	-	-	100%	100%	100%	-

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Effective spatial development	Date	Date of submission of reviewed Spatial Development Framework to Council	56	-	HOD:P	-	Appointment of Service Provider by 30 Sept 2012	Establish Project Steering Committee by 30 Nov 2012	Submission of draft to Council by 30 Mar 2013	Submission of final to Council by 30 Jun 2013	30-Jun	30-Jun	30-Jun	-
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Critical Success factor: Integrated & Co-ordinated Development
Key Objective: Promote planning and performance management

Objective	Unit of Measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Encourage participation in IDP process, ensure alignment with Local Municipalities	Date	Adopted Integrated Development plan	57	-	HOD:P	31-May	Service Provider submits TOR by 30 Sep 2012	(Phase 1) Situational Analysis discussed with Planning and Development forum by 30 Dec 2012	Draft Submitted to Council by 30 Mar 2013	Final Submitted to Council by 30 Jun 2013	30-Jun	30-Jun	30-Jun	-
Report timely and accurately	Number	Number of approved SDBIP reports	58	-	MM	-	1	1	1	1	4	4	4	-
Application of Policies & bylaws	Date	Approved Employee Assistance Programme	59	-	HOD:Cor	-	Collect data on programme by 30 Sept	Identify areas to be reviewed on programme by 31 Dec	Draft revised programme by 31 Mar	Submit EAP proposal for approval by 30 Jun	30-Jun	30-Jun	30-Jun	-
Application of Policies & bylaws	Number	Approved corporate service policies (Records,	60	-	HOD:Cor	-	Collect data on policies by 30 Sept	Identify areas to be reviewed by 31 Dec	Present draft policies to MM by 31 Mar	Submit final policies for approval by 30 Jun	30-Jun	30-Jun	30-Jun	-

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Critical Success factor: Integrated & Co-ordinated Development

Key Objective: Promote planning and performance management

Objective	Unit of Measure	Indicator	KPI No	Standard	Program driver	Baseline	2012/13 projections				2013/14	2014/15	2015/16	Ward
							Q1	Q2	Q3	Q4	Annual target	Annual target	Annual target	
Implement and Manage Employment Equity	Number	Number of people from employment equity target groups employed in three highest levels of Management	61	-	MM	3	40% by 30 Sept	50% by 28 Dec	70% by 30 Mar	100% by 30 Jun	100%	100%	100%	-
Maintain Institutional Capacity to render Municipal Services	Date	Submit workplace skills plan	62	-	HOD:Cor	-	Review Skills Audit Form 30 Sept 2012	Collect data on training needs by 31 Dec	Discuss data collected on areas for review by 31 March 2012	Draft revised programme submitted to MM by 30 Jun 2012	30-Jun	30-Jun	30-Jun	-
30-Jun	Budget	% Municipal Budget spent on Skills Development Plan	63	-	HOD:Cor	100%	20% by 30 Sept	40% by 28 Dec	70% by 30 Mar	95% by 30 Jun	95%	95%	95%	-
Maintain Institutional Capacity to render Municipal Services	%	% Workplace skills plan implemented	64	-	HOD:Cor	-	20% by 30 Sept	40% by 28 Dec	70% by 30 Mar	100% by 30 Jun	95%	95%	95%	-

VOLUME II

LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)



Zanele Cele: Head of Department: Community Services

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Zululand District Municipal, due to its geographical location, is isolated from the major economy hubs and transport routes in the Province or the country. The above factor poses limitations to access to basic resources such as raw materials, skilled labour and infrastructure. Raw materials that are available in the area relate to coal mining and agricultural activities which include maize, beef, timber and sugar production.

The area reflects the disparity in access to resources which is evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The five municipal centres or key towns are focal points for economic activity in each of the local municipalities and here the resource split between urban and rural areas is noticeable.

OUR OBJECTIVES

Within the context of the broad vision the basic objectives of future economic development in the Zululand District Municipality are:

- **To reduce income leakage:** The District has a population of just more than a million people, which is dependent on "imported goods" or acquisition of goods from outside the region.. Measures to reduce income leakage include promotion of 'buy-local' campaigns in order to develop local manufacturing and tourism market, provision of appropriate housing and infrastructure development in the District.
- **To increase investment (both local and external):** The District is relatively isolated and current economic investment in the area is limited. Local Internal and external investment generates job opportunities and improves revenue collection

in both the district and local municipality.. Promotion of Investment in tourism, agriculture and business is to be intensified.

- **To promote local business development and business interaction:** Commercial, agricultural and tourism businesses in the District function independently within small groupings or geographical areas. Interaction between businesses will contribute to countering income leakage and establishing a new vibrancy in the economy.
- **To increase entrepreneurial opportunities and employment:** All of the above objectives need to be supported by a strong focus on **entrepreneurial development, micro and small business establishment**, as well as related employment creation. This will be achieved through the establishment of appropriate support mechanisms.

The success of the strategies identified and developed in this report should be measured against the extent to which the objectives are being achieved.

COMMENT ON LOCAL JOB OPPORTUNITIES:

In certain areas of the District substantial work has been done to develop the tourism sector and its assets, however, much still remains to be done for the benefit of the sector to impact significantly on the socio-economic conditions of the communities of Zululand. The District, however, faces major challenges in achieving this. Some of the key challenges include the distance of Zululand from major economic and tourism centres, the the quality of road infrastructure in the District, the unsatisfactory coordination of in tourism marketing by the public sector institution and other.

Two main objectives in terms of project implementation is the reduction of backlogs both in water and sanitation. It is part of Government initiative to create job opportunities and skills transfer whenever projects are being implemented. ZDM is one of the Municipalities that has signed an agreement with Expanded Public Works Programme (EPWP). About 75% of ZDM settlements where sanitation and water projects are implemented is rural and poverty stricken, thus it is imperative that employment is created as much as possible. In 2011/12 financial year various local contractors were afforded an opportunity to participate in water and sanitation provision, where projects were executed and that has enabled ZDM to promote emerging contractors and local communities are employed.

JOB CREATION THROUGH EPWP PROJECTS

Details	EPWP Projects	Jobs created through EPWP projects no.
2012/13	123	2071
2012/13	156	3366

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

P700 Nodal Development: The project is aimed to develop poor rural communities who reside in the remote poor rural areas. It is situated at the corner of roads P700 and P701. The project is about infrastructure development , namely, internal roads, sewer, water and electricity). Funding was obtained from CoGTA through its Special Initiative Program. There are private investors who have also invested in the development. Zululand District Municipality, Sasol, and Dept of Energy constructed a petrol filling station, bakery, library, internet cafe and hydroponics. The Zululand Anthracite Colliery (ZAC), ZDM, Ulundi LM and CoGTA have built a Laundromat.

Ulundi Tourism Hub: The project objective is to attract tourist and resuscitate the airport in Zululand which is the third largest airport in the province. The project includes the restaurant, tourism offices, office space and ablution facilities.



Market Stalls for Informal Traders for Nongoma Town: CBD is overcrowded by the street vendors who do not have shelter to display and sell their products. This has a negative impact to the growth of the town while on the other hand it impacts negatively on our street traders who have licenses to trade in the town. . ZDM erected 39 stalls for traders to ease the burden of the town and to contribute to economic growth of Nongoma town.

Rehabilitation of Mona Markets: The overall objective of this project is to use the Mona Market and Nguni cattle auction at Nongoma as a focal point/theme to develop two of the core economic sectors in Nongoma: Agriculture & Tourism. Over R5m has been spent for detail planning for construction, draft tender documents and environmental authorisation has been obtained. The project is prepared for implementation.

The project will be done in phases. The market is currently fenced with palisade fencing.

Phase 1: Traders hall, maintenance, waste management and access control.

Phase 2: Administration building and hostel units.

Phase 3: Tourism centre, research facility and nursery

Phase 4: Auction centre and Vet station.

Agricultural Revival Initiative: The district is in the process of reviving agriculture in the district. Agriculture is the strong point of trade for the district. The district has tractors for all the traditional leaders (Amakhosi) in the district in order to promote agriculture. We have furthermore allocated one tractor in each LM whereby we are targeting all formal and informal entities. We assist them my ploughing of their fields and supply them with fertilizers, seeds and crops.

COMMUNITY& SOCIAL SERVICES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO SOCIAL PROGRAMMES

Improving the quality of life of the citizens of this municipality is the core responsibilities of Zululand District Municipality. One of the community development objectives in the IDP states that Zululand District Municipality is to design social upliftment programmes/projects and implement them. There are currently four major programmes that the Department of Community Development is implementing.

A. GENDER PROGRAMME

Women's Summit

The aim of the Women's summit is to empower women citizens through developmental information dissemination by ZDM and other development external organs. This is a platform where women share information and enter into dialogues on issues pertaining to their development. The topics for discussion cover business opportunities, self-help programmes/projects, and education on gender based violence, women's health, HIV/AIDS and Local Economic Development (LED) initiatives, etc.

These summits have great effect in improving the quality of the lives of women of Zululand District Municipality. Women also do seize business opportunities availed through the municipal LED programmes to alleviate poverty.

C. WIDOWS, ELDERLY, ORPHANS AND PEOPLE LIVING WITH DISABILITIES.

- Zululand district municipality has gone extra mile to ensure that widows, orphans and people living with disabilities have programmes that cater for their welfare and health. These citizens are equally recognized and are involved in all social and economic development programmes by providing them with platform to discuss socio-economic issues and budget for their projects, and moreover, have their annual special day celebration.
- A **Quality of Life Forum** has been formed with representation from local Municipal forums of Gender, Disability, Elderly and Children

B. YOUTH DEVELOPMENT

ZDM has spearheaded the formation of the Youth Council which is a youth body that assists the municipality with designing youth programmes and also to implement them.

Youth Summits

The Hon. Mayor of ZDM initiated annual forums for the youth of Zululand where empowerment and youth developmental information is imparted with the aim of improving their lifestyles health wise, academically and economically. It is at these forums where there is interaction among the youth themselves, the municipality and youth development bodies so that ideas are framed into youth development programme. The summits are held



in the month of the youth and are followed by Youth Day celebrations.

- **Indonsa Arts & Craft Centre**

Indonsa is based in Ulundi has been voted as the best managed community art centre in the KZN province. It has grown from strength to strength; helping particularly the youth to acquire skills in fashion design, music (instruments) and visual arts at no cost. Each course runs for six months. Courses are aimed to assist the youth that complete matric but lack funds to further their studies at tertiary institutions and also



assist those who have academic qualifications but are jobless in order to increase their opportunities for employment.

The centre offers intensive training which is mostly practical. These training courses assist Centre graduates to secure jobs and some start their own businesses or pursue careers in music. Those who decide to make careers out of music

are offered opportunity to record at the Centre's fully equipped state of the art recording studio. The local artists are not excluded from the opportunities of recording their music.

- **Centre Achievement**

- 134 in Visual Arts of which 13 are self employed,
- 4 are educators and 3 are running their own companies
- 198 in Fashion Designing,
- 63 in Music and instruments,
- N22 in Drama, 16 have been afforded a chance to perform overseas(job opportunities)
- 45 in Arts marketing and other
- +/-_4550 school learners in visual arts one day projects.
- Since 2002 more than 4778 people have been trained

• PRINCESS MANDISI HEALTH CARE CENTRE

Princess Mandisi Health Care Centre is a brainchild of the Mayor of Zululand District Municipality; she initiated and built this centre because of her commitment in ensuring that all citizens of Zululand lead a healthy lifestyle. This municipality believes in developing communities holistically because it cares ZDM aims to reduce the high HIV infection rate in Zululand and it is succeeding. The centre is fully functional; it runs awareness campaigns, testing and counselling. Runs the following programmes:

- Voluntary counselling and Testing (VCT)
- Health Education to youth in schools and out of school
- On-going counselling for the infected and affected
- Community HIV and AIDS awareness

ZDM has forged partnership with SHIPP (Sexual HIV Prevention Programme) which is a USAID funded programme. The staff that is funded by USAID is based at Princess Mandisi Centre working in conjunction with the municipal staff in all the 5 local municipalities in Zululand. These are continued means of strengthening proper coordination in the District.

• CARE AND SUPPORT PROGRAMMES

- **Support Group**; we have an active support group which meets every month at the Centre. This is the platform where PLWHA (people living with HIV and AIDS) share their fears, challenges and other problems relating to stigma and discrimination.
- **Garden project**; the centre has a wonderful vegetable garden to assist local needy households especially the child headed. We have 14 people working in that 2 hector garden.

• LOVELIFE PROGRAMME

- The partnership between ZDM and the Love Life Trust keeps growing. This partnership was lobbied by the Hon. Mayor with an intention of improving the quality of healthy lifestyle for young people in Zululand.
- Youth is employed at the centre to implement the 'Make Your Move' campaign at schools which is the concept of educating young people to assist them to make informed decisions and to eradicate teenage pregnancy.

• AIDS COUNCILS

- Zululand District Aids Council (DAC) was officially launched on the 14 December 2007.
- All Local Municipalities have been assisted to launch their functional Local AIDS Councils.
- ZDM HIV and AIDS Unit has also successfully established Ward Aids Committees (WAC), all 89 ZDM wards have their WAC established.

D. SPORT DEVELOPMENT PROGRAMME

Sport Development is one of the community's activities that cut across race gender and culture. It promotes development, personal discipline, leadership, team work skills and entertainment through sporting activities. It also contributes to the development and empowerment of local communities and encourages interest of learning and gaining more skills. Sport is instrumental in promoting social cohesion in ZDM.

• Mayoral Cup Games

Zululand District Municipality held a very successful and developmental Mayoral Cup Games. Mayoral Cup Games provide an opportunity for the players within Zululand District Municipality to expose their talents that might be developed into careers.

A minimum of 3 500 young people from the five local municipalities participate in the Mayoral Cup Games. The mayoral cup provides participants with sport development opportunities through the high level of competition. The Mayoral Cup is used as a selection forum for the ZDM team to represent the municipality at the annual SALGA Games, L/C 11 district municipalities compete in over 15 sport codes.

SALGA Games provide opportunities to expose the participants to the competition environment and even expose our talented players to the people who scout sport talent.

The other purpose for the Mayoral Cup is to create a platform for the Honourable Mayor and the council to strengthen the municipality relationship with the Sports Associations and Federations within the District and outside the District.

• Zululand Ultra Marathon



The annual 56 km Zululand District Municipality marathon is organized in conjunction with KwaZulu-Natal Athletics and local athletes clubs. Athletes run between Nongoma and Ulundi. This race was introduced by the Mayor of

ZDM 7 years ago and has since grown into an international race. Over a thousand runners race every year in this marathon. This creates interest for professional running among ZDM youth. On the day of the marathon short distance walks are held to encourage senior citizens to also participate. The marathon is instrumental in the social and economical development of the community of this district because people get the opportunity to win money prizes and the race also boosts local business as well as providing local vendors with the opportunity to sell goods.

Moreover this race (Zululand Ultra Marathon) is a qualifier to the Comrades Marathon.

SERVICE STATISTICS FOR CHILD CARE

Zululand district is rural and poor with high HIV/AIDS infections rate therefore most of the children in the district come from indigent homes some of which are child headed. The Honourable Mayor therefore initiated a Play and Party programme for children of Zululand whereby she brings together over 5 000 children from the 5 ZDM local municipalities and brings various playing equipments and set them in a sports field for children to truly experience being children and play. Each child is then given a year end (Christmas) gift in the form of toys. Thereafter children are treated to a party with entertainment and a feast with the Mayor.

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

Zululand District's social programmes bring about significant improvement in the quality of life of the citizens of this municipality.

Children's Programmes

The Municipality initiated two major programmes for children, namely Play and Party for children, started a project of giving the needy children full school uniforms in all the 5 local municipalities. These programmes have a very positive impact on the lives of children at school and within their communities. These programmes build their confidence in the classroom making them to feel like other children whose parents can afford. In this regards the rate of children dropping out of school is significantly reduced.

Senior Citizens Programmes

There are programs for the Senior citizens whereby 6 000 of them get together to meet with the council annually at an event to be addressed by the Mayor on issues pertaining to their general welfare and they are afforded an opportunity to also discussed their social issues as well. This meeting takes place in December. The mayor gives them gifts and has lunch with them. There are also community LED ward projects which assist the communities to start self help projects which may be block making, poultry farming, vegetable gardens, sewing, etc. This programme has proven to have a great impact on the lives of people of Zululand.

Widows and orphans

The Council's concern about the welfare of widows and orphans prompted it to start a programme in order to assist widows to improve their lives through self help projects.

Disability programmes

Working with organizations such as CREATE has been beneficial to the Municipality; workshop programmes for Disability Forums of the Local Municipalities are periodically arranged in order for people living with disabilities to get exposed to their rights and opportunities relating to projects that they may start and opportunities for employment.

On their special day the municipality stages an event where the Council meets with them and assist with handing out wheel chairs and other equipments to help make their lives easy.

Sport Programmes

Sport programmes in ZDM are vibrant; there are annual games for the aged called Golden Games, an ultra marathon, Mayoral Cup, Indigenous Games, and ZDM participates in SALGA Games every year. These games have seen our people being selected to represent the Province and national level and some proceeding to represent the country at the world games.

HEALTH

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

A Health Officer must monitor and enforce compliance with National Health Act , 2003 (Act No.61 of 2003). A Health Officer may enter any premises, excluding a private dwelling, at any reasonable time and:

- Inspect premises in order to ensure compliance with the abovementioned Act
- Our achievement has been the health education of 83 food caterers on food handling.
- Constant monitoring of food premises promotes the cleanliness and customers benefit in buying safe food.

In ensuring that the meat that is sold by our butcheries is wholesome we conduct the meat inspection in our local abattoirs.

1. Food Monitoring (Mass Functions)

A major of stride was taken in monitoring and inspecting food caterers at all the district functions where a large numbers of communities attended and catered for. Since we started with the monitoring, no food poisoning incidences had been reported.



2. Disposal of the Dead

The Zululand District Municipality policy on pauper burial has been helpful in terms of giving the unknown bodies a proper burial and also assisting the forensic mortuaries and the District as a whole. The number of people buried as pauper increases every year. The following is the number of pauper burial per local municipality,



No	LOCAL MUNICIPALITY	No. OF BODIES BURIED
1	Ulundi Local Municipality	02
2	Nongoma Local Municipality	02
3	Pongola Local Municipality	05
4	AbaQulusi Local Municipality	07
5	eDumbe Local Municipality	05
		21

The table below reflects all the duties performed by Environmental Health Practitioners within the Zululand District Municipal Area.

No.	Work Items	No. of Inspections/Attendance	Action
1	Food caterers kitchen inspected	83	Health Education conducted on food handling
2	Food Caterers Issued with Certificate of Acceptability (COA)	63	Health Education conducted on food handling
3	Formal Food Premises Inspected	49	Health Education conducted on food handling Management
4	Formal Food Premises Issued with COA	28	COA certificates issued
5	Education on food handling and safety	89	Reports were written to all those premises
6	Complaints received	23	All attended to, and some premises were issued with notice
7	Crèche inspection and Senior Citizen Clubs	38	Inspections were done, and report written
8	Mortuary Inspection	21	Inspections were done, and report written
9	Business license application	01	Report forwarded to the responsible authority
10	School inspection	10	Letters written to Dept of Education
11	Funeral Parlors issued with COC	0	Inspection of funeral parlors
12	Street Vendors	57	Health education on cleanliness and refuse removal
13	Condemnation of food stuff	57435.12kg and 9032.23 liters	Safe disposal of foodstuff
14	Bed & breakfast/Lodge	14	Letters written to the owners
15	Meat inspection	543	Carcasses were inspected and condemnations were made

SB Nkosi: Chief Financial Officer



FINANCIAL PERFORMANCE

INTRODUCTION FINANCIAL SERVICES

ZDM has established a Budget and Treasury Office (BTO) in terms section 80 of the Municipal Finance Management Act, Act 56 of 2003 (henceforth MFMA). The BTO comprises of the CFO, two deputies and 60 other staff members. All key staff in the BTO have been appointed. In addition, there is a consultant seconded by the National Treasury to assist with MFMA implementation. The primary function of the CFO at ZDM is as stipulated in section 81 of the MFMA:

MUNICIPAL BUDGET AND TREASURY OFFICES

Establishment

80. (1) Every municipality must have a budget and treasury office.

(2) A budget and treasury office consists of:

- (a) a chief financial officer designated by the accounting officer of the municipality;
- (b) officials of the municipality allocated by the accounting officer to the chief financial officer;
- (c) any other persons contracted by the municipality for the work of the office;

Role of chief financial officer

81. (1) The chief financial officer of a municipality:

- (a) is administratively in charge of the budget and treasury office;
- (b) must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of the Act;
- (c) must assist the accounting officer in the administration of the municipality's bank accounts and in the preparation and implementation of the municipality's budget;
- (d) must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79;

(e) must perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, financial management, review and other duties as may in terms of section 79 be delegated by the accounting officer to the chief financial officer.

(2) The chief financial officer of a municipality is accountable to the accounting officer for the performance of the duties referred to in subsection (1)

Cash Position

There is a positive cash flow position and as a result, there was no need to take either a short term or a long term loan. In fact, the cash flow position was so strong that it was opted during the year to settle an outstanding long-term loan that was taken in prior years to finance the municipal building.

Auditor General Report

For the past 13 years Zululand District Municipality has achieved unqualified audit opinion from the office of the Auditor General. We are bracing ourselves for a clean audit opinion. So far it has been an elusive target but with focused attention and effort it is an achievable target. Standing in our way in the 2012/2013 was material adjustments, water losses and irregular expenditure.

Challenges

There are basically two major challenges:

- 1.) The collection of outstanding debts is a challenge especially because the majority of our consumers are indigent and the water network is dilapidated and thus causing water leaks which translate into huge consumer accounts.
- 2.) The grants dependency ratio is high.

Financial Overview: Year 2012/13			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	650 996 000	3 816 483	650,660,526
Taxes, Levies and tariffs	32 771 604	-	23,914,694
Other	140 656 262	10 207 583	14,215,202
Sub Total	824 423 866	066	688,790,422
		14,024	
Less: Expenditure	824 423 866	066	455,774,144
GAINS/ (LOSSES)			
Financial loss			
Net Total*	-0	-	233,016,279

* Note: surplus/(defecit)

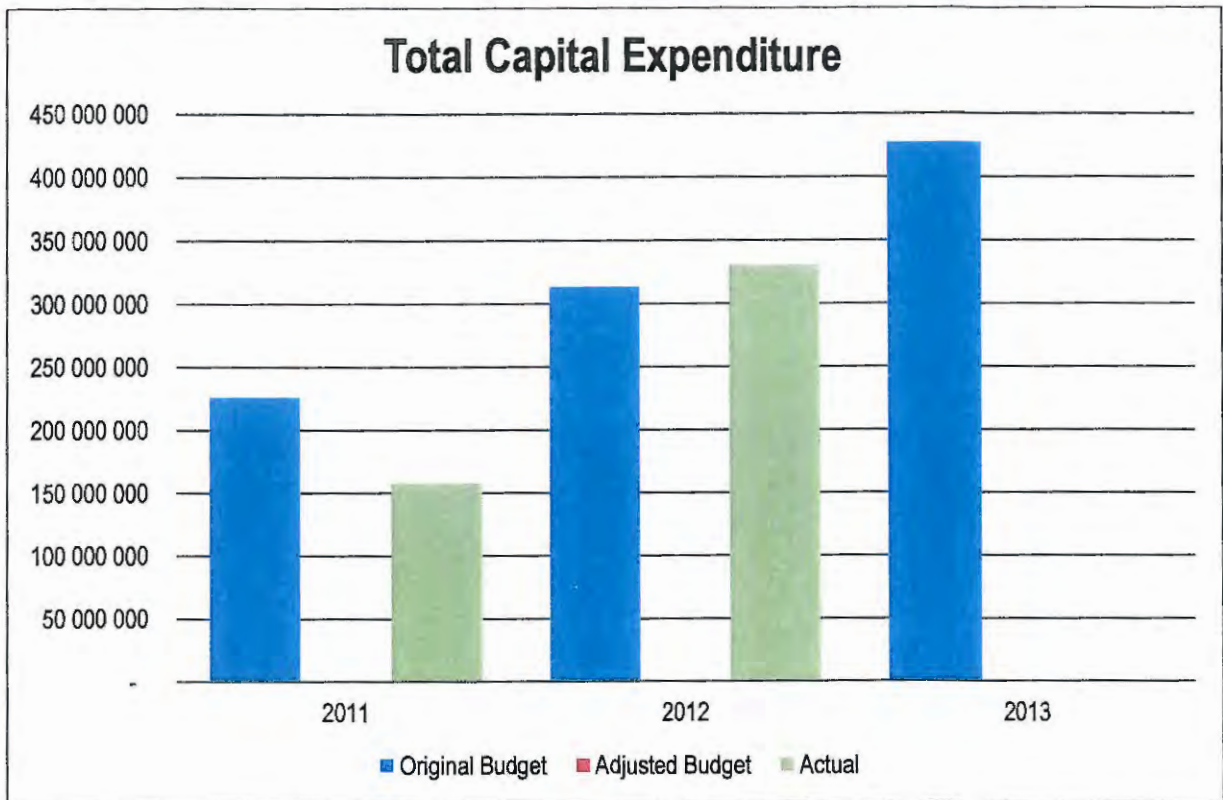
Operating Ratios	
Detail	%
Employee related costs	25.42%
Remuneration of councillors	1.33%
Bad debts	0.69%
Contribution to Doubtful debts	0.00%
Depreciation and amortisation expense	6.72%
Repairs and maintenance	8.19%
Finance costs	0.01%
Bulk purchases	15.07%
Contracted services	2.43%
Grants and subsidies paid	0.25%
Departmental Charges	0.43%
Collection costs	0.02%
General expenses	39.90%
Total	100%

COMMENT ON OPERATING RATIOS:

Employee cost ratio is favourable at 26.7% compared to a norm of 30%, repairs and maintenance is unfavourable with ratio of 8% compared to a norm of 20%. The reason of unfavourable repairs and maintenance ratio is the fact, conditional grants are only meant for new capital and there is no repairs and maintenance component. Moreover, the own revenue generating capacity is low. Finance costs are favourable and depreciation is below the norm of 10%.

Total Capital Expenditure: Year -2012to Year 2013

Detail	2011	2012	2013
Original Budget	226,038,272	313,052,000	428,390,152
Adjusted Budget	-	-	-
Actual	157,567,557	330,546,081	299,199,297



COMMENT ON CAPITAL EXPENDITURE:

The district has always managed to spend the grants allocated in each financial year. This achieved mainly through the water service regional scheme planning.

STATEMENTS OF FINANCIAL PERFORMANCE

In terms of performance the municipality is rated amongst the best in the country, for instance, for the past ten years the allocations from grant funding were fully utilized by the municipality. This has been made possible by the fact that all the master planning for the entire district have been in place for a long time now and BPs in excess of R1 billion have been approved and if funding becomes available implementation happens without delay. The backlogs are gradually being reduced in line with the allocations received yearly.

RISK MANAGEMENT

Risk management acknowledges that all activities of a municipality involve some element of risk. The elements of risk assessment include:

- Assessing the nature and extent of risks associated with municipality's operations.
- Deciding an acceptable level of loss or degree of failure
- Deciding how to manage or minimize the risk
- Monitoring, reporting and from time to time, re-assessing the level and implications of the risk exposure

The risk management framework has been approved by management committee (MANCO) and will then be submitted to the council meeting in March 2014 together with the amendments to the budget related policies.

A risk management policy is in place and is reviewed annually. The high level risk management responsibilities of the CFO include: - (Annexure 1)

Annually, with the assistance of Provincial Treasury, Zululand District Municipality conducts a comprehensive risk assessment exercise. This leads to the development of a risk management strategy and the mitigation strategies for identified risks.

For the 2012/2013 financial year, the risk assessment exercise was conducted. The risks were identified for each department and the top 10 risks were identified as follows:

No	Risk Name	Risk Description
1	Community Development: Poverty Alleviation	Failure to eradicate poverty.
2	Community Services: HIV/Aids	Failure to reduce the impact of HIV/AIDS.
3	Business Process: Policies and By-laws	Non-review of by-laws (environmental health services, credit control, tariff and water services).
4	Financial Management: Fleet Management	Ineffective fleet management.
5	Human Resources: Skills Development and Training	Failure to ensure capacity and develop skills within the organisation.
6	Financial Management: Supply Chain Management	Non-compliance with the Supply Chain Management regulations.
7	Community Services: Fire Fighting and Disaster Management	Inability to respond to disasters.

8	Infrastructure: Water and Sanitation	Failure to progressively provide a cost effective, reliable water services.
9	Business Process: Airport Management	Inability to operate and maintain the airport.
10	Infrastructure: Municipal Roads	Failure to facilitate the provision of a well-developed districts roads network.

The internal Audit Plan that is developed annually is also risk-based i.e. it considers all the identified risks during the risk assessment process.

ANTI-CORRUPTION AND FRAUD

One of the Chief Financial Officers Key Performance Areas (KPA) is financial management system. One of the key performance indicators in this performance area is the implementation of an effective financial management system which is inclusive of the implementation of internal control mechanisms and anti-corruption measures.

Each staff member has been given a code of conduct to ensure that everyone is aware of the expected behaviour. In addition all members of SCM Committees and Procurement officials are made to sign a code of conduct for supply chain management officials.

Moreover, a declaration of interest is signed at each sitting of bid committee meetings, Audit Committee meetings and MPAC meetings.

The Anti-corruption strategy and policy is also in place and is reviewed annually.

SUPPLY CHAIN MANAGEMENT

One of the financial management tasks that council needs to perform in order to fulfill oversight function is the approval of the supply chain management policy.

The existing policy was reviewed and approved by council on 29 May 2013. The new policy now includes the Bid Appeals Tribunal and the clause of the BEE certification requirements. The tribunal mechanism is envisaged to resolve bid disputes in a much easier way than the expensive route of the courts.

The reports on the implementation of the supply chain management policy is included as part of the Finance report

All the bid committees functioned properly during the 2012/2013 financial year.

ASSESSMENT OF ARREARS ON WATER SERVICES:

Water services debtors increased by R7 million from R53,6 million to R60,6 million. During the 2012/2013 financial year water restrictions were effected on those consumers whose accounts remain unpaid. Actual cash collection from water services debtors amounted to R16 890 152 during the year and this represents 71% of the billed amount.. Included in the gross outstanding debtors are the debts to the value of R 21 607 548.35 owed by Indigent consumers under debt review (R126 672), high risk (R5 495 088), deceased (R3 409 436.63), untraceable (R244 379.36), Admin Order (R75 182.62), Under Age (R135 236.12). Moreover, Debtors to the value of R975 215.30 paid in advance for their accounts, primarily due to the fact that a number of account holders have signed debit orders through their bank accounts.

The above debtor categorization will enable management to make an informed recommendation to full council as to the next course of action.

ASSESSMENT OF REVENUE FROM EACH SOURCE:

Each revenue source has been analysed in detail in the Statement of Comparison of Budget and Actual Amounts in the attached set of Annual Financial Statements for the year ended 30 June 2013. This is in compliance with section 121 (f) of the MFMA.

Financial Summary						
						R' 000
Description	Year - 2011/12	Current: Year 2012/13			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<u>Financial Performance</u>						
Property rates					%	%
Service charges	27,078	32,772	32,772	23,915	73%	73%

Investment revenue	13,253	12,567	12,567	11,829	94%	94%
Transfers recognised - operational	569,632	272,633	278,012	656,918	241%	236%
Other own revenue	4,260	79,517	139,430	2,386	3%	2%
Total Revenue (excluding capital transfers and contributions)	614,223	397,489	462,780	695,048	175%	150%
Employee costs	92,255	113,261	119,374	113,005	100%	95%
Remuneration of councillors	5,674	6,243	6,243	6,054	97%	97%
Depreciation & asset impairment	32,073	31,574	31,574	31,165	99%	99%
Finance charges	253	50	50	11	22%	22%
Materials and bulk purchases	52,496	71,789	71,789	67,296	94%	94%
Transfers and grants	981	1,152	1,152	1,042	90%	90%
Other expenditure	215,184	132,775	139,230	238,780	180%	172%
Total Expenditure	398,916	356,843	369,412	457,353	128%	124%
Surplus/(Deficit)	215,307	40,646	93,368	237,695	585%	255%
Transfers recognised - capital	(3,482)	378,363	375,668	–	%	%
Contributions recognised - capital & contributed assets	27	48,572	–	–	%	%
Surplus/(Deficit) after capital transfers & contributions	211,852	467,581	469,036	237,695	51%	51%
Share of surplus/ (deficit) of associate				–	%	%
Surplus/(Deficit) for the year	211,852	467,581	469,036	237,695	51%	51%
<u>Capital expenditure & funds sources</u>						
Capital expenditure	–	–	–	–	%	%
Transfers recognised - capital	–	378,363	375,668	–	%	%
Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds	–	48,572	52,722	–	%	%
Total sources of capital funds	–	426,935	428,390	–	%	%

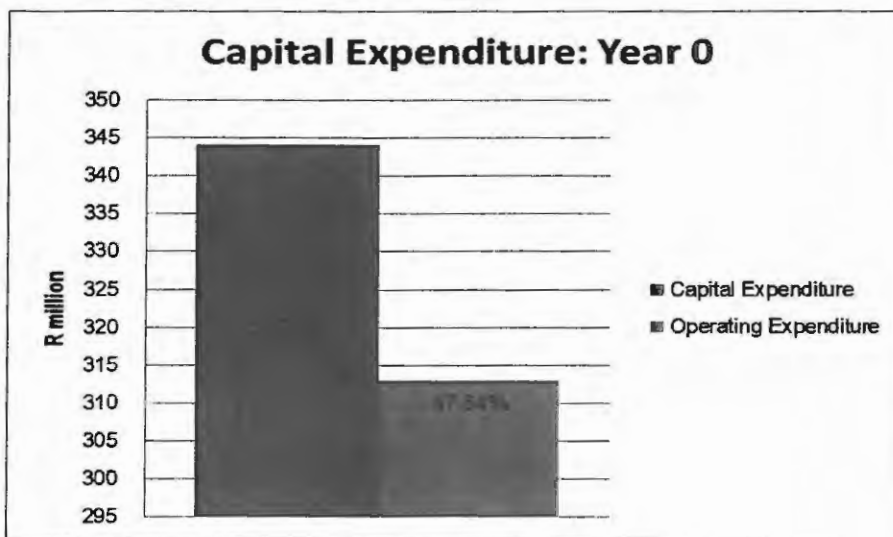
<u>Financial position</u>						
Total current assets	197,594 1,496,160	240,253 1,923,095	240,253 1,924,550	124,705 1,764,525	52% 92%	52% 92%
Total non current assets						
Total current liabilities	135,950	135,950	135,950	94,474	69%	69%
Total non current liabilities	12	–	–	5	%	%
Community wealth/Equity	–	2,027,399	2,028,854	–	%	%
<u>Cash flows</u>						
Net cash from (used) operating	206,978	502,381	503,836	245,181	49%	49%
Net cash from (used) investing	(217,751)	(426,935)	(428,390)	(286,052)	67%	67%
Net cash from (used) financing	(3,294)	–	–	(129)	%	%
Cash/cash equivalents at the year end	130,551	259,779	259,779	(41,000)	16%	16%
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	170,027	166,444	166,444	89,551	54%	54%
Application of cash and investments	–	65,341	73,725	–	%	%
Balance - surplus (shortfall)	170,027	101,103	92,719	89,551	89%	97%
<u>Asset management</u>						
Asset register summary (WDV)	1,492,545	1,919,740	1,921,195	1,758,459	92%	92%
Depreciation & asset impairment	(32,073)	31,574	31,574	31,165	99%	99%
Renewal of Existing Assets	–	15,000	15,000	–	%	%
Repairs and Maintenance	36,470	25,646	26,146	38,225	149%	146%
<u>Free services</u>						
Cost of Free Basic Services provided	–	–	–	–	%	%
Revenue cost of free services provided	–	–	–	–	%	%
<u>Households below minimum service level</u>						

Water:	-	48,102	48,102	48,102	100 %	100 %
Sanitation/sewerage:	-	53,000	53,000	53,000	100 %	100 %
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%

5.3 ASSET MANAGEMENT

The assets management function falls within the ambit of the BTO. However, each HOD is responsible the management of assets allocated to his/her department. The primary responsibility include safeguarding of assets, recording of assets maintenance and verification of assets. To ensure easy identification of assets, assets are tagged with an assets number. The fixed assets register is maintained for all assets. With regards to assets to assets maintenance, it is agreed that ZDM does not have adequate funds for the maintenance of water and sanitation infrastructure. However, the Council policy is to service the assets from the accredited agents. For the infrastructure assets, a service provider was appointed to operate and maintain the water and sanitation plants. The picture of movable assets reflecting their condition as well are uploaded into the assets database. The water infrastructure on the other hand is captured in the GIS format.

5 CAPITAL EXPENDITURE



CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management and investments are managed in accordance with Municipal systems Act, Municipal Finance Management Act and internal policies. The cash flow focus is designed to manage and monitor the outflow and inflow of cash. This system helps the Municipality to identify surplus that needs to be invested.

COMMENT ON CASH FLOW OUTCOMES:

The net cash position as reflected in the cashflow statement for the year ended 30 June 2013 decreased from R130,6 million to R89,6 million. The primary reason for the reduction in the cash position is that most creditors were paid by year end.

COMMENTS ON BORROWINGS AND INVESTMENTS

Investments have slightly declined during the year from R250 000 000(2012) to R50 000 000(2013)

5.13.1 GRAP COMPLIANCE

The ZDM Annual Financial Statements are Fully GRAP compliant. Moreover, the Annual Financial Statements are prepared without the use of consultants.

AUDITOR GENERAL - AUDIT REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

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

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Irregular expenditure

8. As disclosed in note 35.7 to the financial statements, irregular expenditure totalling R18,73 million was incurred because the municipality did not obtain three quotes and suppliers in the service of the state were doing business with the municipality.

Restatement of corresponding figures

9. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during the year ended 30 June 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.

Material losses

10. As disclosed in note 35.6 to the financial statements, the municipality incurred water losses of R9,62 million during the year under review.

Additional matter

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

Unaudited supplementary schedules

12. The supplementary information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. I have not

audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability.
16. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
17. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

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

Annual financial statements

20. The annual financial statements were subject to material adjustments as a result of the audit. These adjustments constituted non-compliance with section 122(1)(a) of the MFMA. Material misstatements in disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements

receiving and unqualified audit opinion.

Expenditure management

21. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

22. Persons in the service of the state did not disclose that they were employed by the state and transacting with the municipality, in contravention of Municipal Supply Chain Management Regulation 44.
23. Goods and services with a transaction value between R10 000 and R200 000 were procured without obtaining written quotations from at least three different prospective providers, as required by Municipal Supply Chain Management Regulation 17(a) and (c).

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

25. Management did not exercise oversight responsibility over financial statement preparation and compliance with Municipal Supply Chain Management Regulations.

Financial management

26. Management did not implement adequate controls to ensure that the financial statements were prepared in accordance with SA Standards of GRAP and were supported by accurate and reliable evidence, as material misstatements were identified in the financial statements during the audit.
27. Management did not implement adequate controls over the expenditure management and procurement of goods and services to ensure that the municipality complied with the requirements of the Municipal Supply Chain Management Regulations.

Pietermaritzburg
29 November 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDIT REPORT - ACTION PLAN

N o.	Auditor General Report finding	ZDM Management Corrective Action	Responsible Official	Completion Date
1	Irregular expenditure totalling R18,73 million was incurred because the municipality did not obtain three quotes and suppliers in the service of the state were doing business with the municipality.	The identified irregular expenditure will be reported to Council in terms of MFMA, section 32 and Circular No. 68.	CFO	30-Jun-14
2	The corresponding figures for 30 June 2012 have been restated as a result of an error discovered during the year ended 30 June 2013 in the financial statements of the municipality at, and for the year ended, 30 June 2012.	Monthly reconciliation of accounts have implemented to clear suspense accounts timeously.	CFO	On-going.
3	The municipality incurred water losses of R9,62 million during the year under review.	The existing Water Loss Management Strategy will be reviewed and implemented effectively.	Director: Planing & Development	30-Jun-13
4	The annual financial statements were subject to material adjustments as a result of the audit. These adjustments constituted non-compliance with section 122(1)(a) of the MFMA. Material misstatements in disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving and unqualified audit opinion	AFS will be prepared and reviewed monthly to ensure that all adjustments are attended timeously. Internal Auditors will review AFS for the period ending December 2014.	CFO	On-going.
5	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA	Compliance monitoring with the approved SCM Policy will be strenghtend to reach transaction level. Compliance checklist will be implemented over each procurement transaction. Compliance checklist will be implemented to monitor compliance will all applicaple legislation.	CFO	On-going.

6	Persons in the service of the state did not disclose that they were employed by the state and transacting with the municipality, in contravention of Municipal Supply Chain Management Regulation 44	An independent Service Provider is appointed to vet prospective supplier for their employment and business ownership status before an award is made.	CFO	On-going.
7	Goods and services with a transaction value between R10 000 and R200 000 were procured without obtaining written quotations from at least three different prospective providers, as required by Municipal Supply Chain Management Regulation 17(a) and (c).	Compliance monitoring with the Municipal Supply Chain Management Regulation will be strenghtend to reach transaction level.	CFO	On-going.
8	Management did not exercise oversight responsibility over financial statement preparation and compliance with Municipal Supply Chain Management Regulations	Management will review monthly prepared AFS for compliance with all requirements of GRAP Standards.	CFO	On-going.
9	Management did not implement adequate controls to ensure that the financial statements were prepared in accordance with SA Standards of GRAP and were supported by accurate and reliable evidence, as material misstatements were identified in the financial statements during the audit	Working paper file will be prepared to support all reported in the financial statements	CFO	30-Jun-14
10	Management did not implement adequate controls over the expenditure management and procurement of goods and services to ensure that the municipality complied with the requirements of the Municipal Supply Chain Management Regulations	Compliance monitoring with the Municipal Supply Chain Management Regulation will be strenghtend to reach transaction level. Municipal Supply Chain Management policy will be reviewed once annually.	CFO	On-going.

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	FT/PT	Committees Allocated	Ward and / or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
<u>Speaker</u> Cllr Hlatshwayo MA	FT	Local Labour Forum, Capex and Water Provision Portfolio Committee	NFP	7/8	1/8
<u>The Mayor</u> Cllr Magwaza-Msibi VZ	FT	Finance and Budgeting, Social and Community Development Portfolio Committee	NFP	8/8	0
<u>Deputy Mayor</u> Cllr Qwabe SE	FT	LED and Tourism, Planning and GIS Portfolio Committee	ANC	7/8	1/8
Cllr. Nkosi SR	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	DA	6/8	2/8
Cllr. Buthelezi ME	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	IFP	6/8	1/8
Cllr. PATN Buthelezi	PT		IFP	4/8	1/8
Cllr. Buthelezi ZS	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	IFP	6/8	2/8
Cllr. Dlamini QM	PT	Capex and Water Provision Portfolio Committee	IFP	6/8	2/8
Cllr. Dumakude LS	PT	Disaster Management, Health and Safety Portfolio Committee	NFP	8/8	0/8
Cllr.Hadebe ISM	PT	LED and Tourism, Planning and GIS Portfolio Committee	NFP	7/8	1/8
Cllr Khumalo ME	FT	Finance and Budgeting, Social and Community Development Portfolio Committee, Disaster Management, Health and Safety Portfolio Committee – Chairperson	ANC	8/8	0
Cllr Khumalo TJ	PT	Disaster Management,	IFP	8/8	0

		Health and Safety Portfolio Committee			
Clr Khumalo TL	PT	Capex and Water Provision Portfolio Committee	NFP	8/8	0
Clr Lukhele TB	PT	Disaster Management, Health and Safety Portfolio Committee	IFP	5/8	2/8
Clr Lushaba MT	PT	Finance and Budgeting, Social and Community Development Portfolio Committee, Local Labour Forum	ANC	7/8	1/8
Clr Mabaso MB	PT	Disaster Management, Health and Safety Portfolio Committee	ANC	7/8	1/8
Clr Mbatha IA	PT	Capex and Water Provision Portfolio Committee	ANC	7/8	1/8
Clr Mbuyisa VO	FT	Capex and Water Provision Portfolio Committee – Chairperson	NFP	7/8	1/8
Clr Mhlungu RB	PT	Disaster Management, Health and Safety Portfolio Committee	IFP	6/8	2/8
Clr Mjaja JN	PT	LED and Tourism, Planning and GIS Portfolio Committee	IFP	8/8	0
Clr Mkhize TK	PT	LED and Tourism, Planning and GIS Portfolio Committee	IFP	3/8	4/8
Clr Mncwango BJ	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	IFP	8/8	0
Clr Mntungwa MM	PT	Capex and Water Provision Portfolio Committee	IFP	3/8	0
Clr Nhlabathi BC	PT	Disaster Management, Health and Safety Portfolio Committee	ANC	8/8	0
Clr Nhlabathi NM	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	NFP	7/8	1/8
Clr Nkwanyana SE	FT	Disaster Management, Health and Safety Portfolio Committee	IFP	6/8	1/8
Clr Ntshangase MS	PT	Capex and Water Provision Portfolio Committee, Local	ANC	8/8	0

Labour Forum					
Cllr Nxumalo KE	PT	LED and Tourism, Planning and GIS Portfolio Committee, Local Labour Forum	NFP	8/8	0
Cllr Siyaya Z	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	ANC	8/8	0
Cllr Xaba N	PT	LED and Tourism, Planning and GIS Portfolio Committee	ANC	7/8	1
Cllr Ximba SP	PT	LED and Tourism, Planning and GIS Portfolio Committee	IFP	6/8	2/8
Cllr Zulu NF	PT	Capex and Water Provision Portfolio Committee	NFP	4/8	1/8
Cllr Zulu RM	PT	LED and Tourism, Planning and GIS Portfolio Committee, Disaster Management, Health and Safety	ANC	8/8	0
Cllr Zulu SJ	PT	Finance and Budgeting, Social and Community Development Portfolio Committee	NFP	5/8	0
Cllr Zwane BB	FT	LED and Tourism, Planning and GIS Portfolio Committee	IFP	8/8	0

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purpose of Committees	
Municipal Committees	Purpose of Committee
Capex and Water Provision Portfolio Committee	Deliberate on matters pertinent to them and make recommendations to the Executive Committee, which then takes decisions on issues upon which it has powers to do so, or for EXCO to further make recommendations to the Municipal Council which is the highest decision making body of the Municipality
Disaster Management, Health and Safety	Deliberate on matters pertinent to them

Portfolio Committee	and make recommendations to the Executive Committee, which then takes decisions on issues upon which it has powers to do so, or for EXCO to further make recommendations to the Municipal Council which is the highest decision making body of the Municipality
LED and Tourism, Planning and GIS Portfolio Committee	Deliberate on matters pertinent to them and make recommendations to the Executive Committee, which then takes decisions on issues upon which it has powers to do so, or for EXCO to further make recommendations to the Municipal Council which is the highest decision making body of the Municipality

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director / Manager (State title and name)
Municipal Manager	Municipal Manager: Mr JH de Klerk
Municipal Manager	Deputy Director: Mr Dumo Ngcobo
Finance	Chief Financial Officer: Mr SB Nkosi
Finance	Deputy CFO: Mrs Sthembile Mthembu
Finance	Deputy CFO: Mrs T Sibiya
Technical Services	Head of Department: Mr Z Dladla
Technical Services	Deputy Director: WSP North: Mr S Mazibuko
Technical Services	Deputy Director: WSP South: Mr S Kheswa
Technical Services	Deputy Director: Bulk: Mr S Ngubane
Technical Services	Deputy Director: PMU: Ms G Nene
Community Services	Head of Department: Ms Z Cele
Community Services	Deputy Director: LED: Mr B Sibiya
Community Services	Deputy Director: Mr B Zwane
Corporate Services	Head of Department: Mr MN Shandu
Corporate Services	Deputy Director: Mrs MS Gwamanda
Corporate Services	Deputy Director: Ms C Mommen
Corporate Services	Deputy Director: Ms T Hadebe
Corporate Services	Disaster Manager: Mr W Dhlamini
Planning	Head of department: Vacant
Planning	Deputy Director: Mr B Mnguni
Planning	Deputy Director: Mr S Landman

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	NO	
Building regulations	NO	
Child care facilities	YES	
Electricity and gas reticulation	NO	
Firefighting services	YES	
Local tourism	YES	
Municipal airports	YES	
Municipal planning	YES	
Municipal health services	YES	
Municipal public transport	NO	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	
Stormwater management systems in built-up areas	NO	
Trading regulations	NO	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES	
Beaches and amusement facilities	NO	
Billboards and the display of advertisements in public places	NO	
Cemeteries, funeral parlours and crematoria	NO	
Cleansing	NO	
Control of public nuisances	NO	
Control of undertakings that sell liquor to the public	NO	
Facilities for the accommodation, care and burial of animals	NO	
Fencing and fences	NO	
Licensing of dogs	NO	

Licensing and control of undertakings that sell food to the public	NO	
Local amenities	YES	
Local sport facilities	YES	
Markets	NO	
Municipal abattoirs	YES	
Municipal parks and recreation	NO	
Municipal roads	NO	
Noise pollution	NO	
Pounds	NO	
Public places	NO	
Refuse removal, refuse dumps and solid waste disposal	NO	
Street trading	NO	
Street lighting	NO	
Traffic and parking	NO	

AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT 2012-2013

Audit Committee members and attendance:

Attendance		Meetings	
P. Mntambo	Chairperson	11	All
B Ndwandwe	Member	11	All
S. Landman	Member	11	05 – Resigned
M. Ngcobo	Member	11	06

In order to comply with a wish expressed by the Exco of the Municipality, the chairperson reported to the Exco at two occasions during the financial year. The Committee also welcomed the establishment of MPAC by the Council. These two committees (MPACC & Audit Committee) had been working together during the year.

The Committee performed its responsibilities in terms of the Municipal Finance Managed Act, the Audit Committee Charter as well as the Code of Corporate Governance. By law the Committee is expected to meet at least four times during the financial year. The Committee had six meetings, one of which was a special meeting to deal with the Performance Management System.

The Committee received audit reports from Internal Audit in accordance with an Audit Plan that was approved by it in July 2013. The Internal Audit and Performance Unit performed its responsibilities diligently and objectively and the reports were of a high standard.

Reports were focused on the high risk issues as identified in the risk assessment process and action plan.

The committee assessed some internal financial controls and the auditing thereof and made some recommendations and suggested improvements. It was satisfied that the risk assessment was relevant.

Assurances were given to the Committee that the internal financial reporting was in place and that regular reports were submitted to the Council.

Compliance with the MFMA was the focus of the financial administration and some challenges in the application of the SCM policy of the Municipality were identified and corrected.

The status of the performance management system remained a cause of concern for the Audit Committee

The Draft Financial statements were discussed by the Committee and it was satisfied that, with some minor suggested amendments to the document, the statements reflect a true account of the financial situation at the end of the financial year. The statements were prepared internally by the Finance Department which is an achievement.

The Committee will review the Auditor-General's management report and the responses by the municipal management team as well as compliance with legal and regulatory provisions for inclusion in the annual report.

Mr. Phumlani Mntambo

Chairperson of the Audit Committee

APPENDIX H – DISCLOSURES OF FINANCIAL INTERESTS

Period 1 July 2012 to 30 June 2013		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Cllr. V.Z. KaMagwaza Msibi	No Financial interest
Member of MayCo / Exco	Cllr. A.M.Hlatshwayo	No Financial interest
	Cllr. E.M.Khumalo	No Financial interest
	Cllr.BB Zwane	No Financial interest
	Cllr. V.O. Mbuyisa	No Financial interest
	Cllr. S.E. Qwabe	No Financial interest
	Cllr. S.E. Nkwanyana	No Financial interest
Councillor	Cllr.B.J. Mncwango	No Financial interest
	Cllr. B.C. Nhlabathi	No Financial interest
	Cllr. M.S. Ntshangase	No Financial interest
	Cllr. M.M. Mtungwa	No Financial interest
	Cllr.K.E. Nxumalo	No Financial interest
	Cllr. B.B. Zwane	No Financial interest
	Cllr.I.A. Mbatha	No Financial interest
	Cllr.N.M.Nhlabathi	No Financial interest
	Cllr.T.B. Luthuli	No Financial interest
	Cllr.R.M.Zulu	No Financial interest
	Cllr. M.B. Mabaso	No Financial interest
	Cllr. M.T. Lushaba	No Financial interest
	Cllr.N.F. Zulu	No Financial interest
	Cllr.T.R. Bunge	No Financial interest
	Cllr.S.Z. Buthelezi	No Financial interest
	Cllr.R.B. Mhlungu	No Financial interest
	Cllr. I.S.M. Hadebe	No Financial interest
	Cllr. Z. Sibiya	No Financial interest
	Cllr. M.E. Buthelezi	No Financial interest
	Cllr. T.K. Mkhize	No Financial interest
	Cllr.S.P. Ximba	No Financial interest
	Cllr.T. L. Khumalo	No Financial interest
	Cllr.Z.I. Mtshali	No Financial interest
	Cllr. L.S. Dumakude	No Financial interest
	Cllr.J.N.Mjaja	No Financial interest

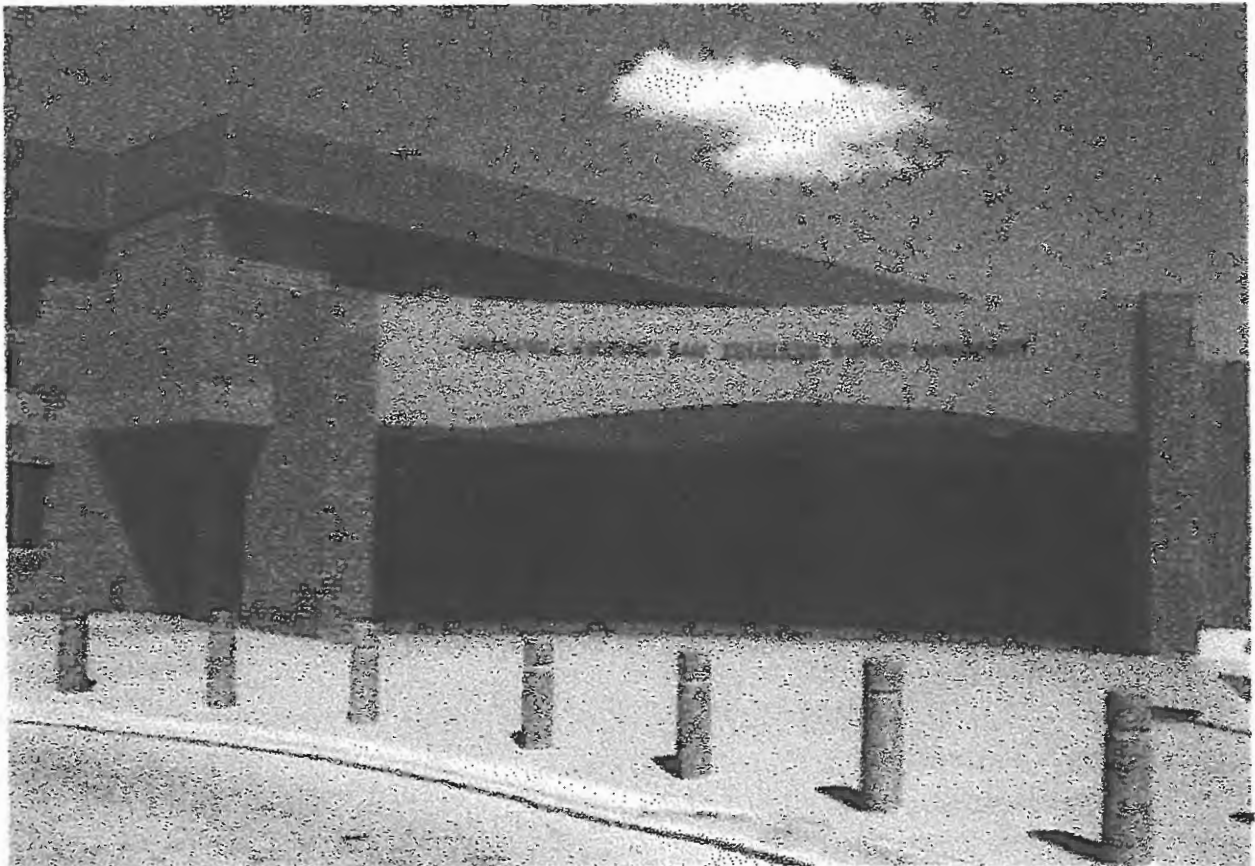
	Cllr. N.Xaba	No Financial interest
	Cllr. T.J. Khumalo	No Financial interest
	Cllr. Q.M Dlamini	No Financial interest
	Cllr. S. J. Zulu	No Financial interest
Municipal Manager	J.H. de Klerk	No Financial interest
Chief Financial Officer	S.B. Nkosi	No Financial interest
Deputy MM and (Executive) Directors		
Other S57 Officials	V.Z. Cele	No Financial interest
	S. Landman	No Financial interest
	M.N. Shandu	No Financial interest
	S.L. Khumalo	No Financial interest
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
		T J

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Bulk Implementation Grant	81100000	-16500000	64046660	99%	100%	
<i>FMG</i>	1250000		1250000	100%	0%	
<i>Rural Transport</i>	1776000		1776000	100%	0%	
Massification Projects	0	11081000	11081000	100%	100%	
<i>Indonsa Grant</i>	1561000		1561000	100%	0%	
<i>Ground Water Development</i>				0%	0%	
<i>MSIG</i>	1000000		1000000	100%	0%	
<i>Corridor Fund</i>		6500000	6500000	100%	100%	
<i>Zululand Tourism Signage (LED)</i>				0%	0%	
<i>Expanded Public Works Programme</i>	1000000	4207000	5207000	100%	100%	
<i>Ulundi Airport</i>	20000000			0%	0%	
<i>Shared Services Planning</i>		950000	950000	100%	100%	
<i>ACIP</i>		1340000	1339638	100%	100%	
<i>Local Government Cholera</i>				0%	0%	
<i>Other Grants</i>	8268000		8268000	100%	0%	
Total	115955000	7578000	102979298	83%	0%	

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VOLUME II: ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS 2012/2013



**ZULULAND DISTRICT MUNICIPALITY
UMKHANDLU WESIFUNDA SASE ZULULAND**

Annual Financial Statements

for

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June: **2013**

Province:

KwaZulu Natal

Contact Information:	
Name of Municipal Manager:	J.H. DE KLERK
Name of Chief Financial Officer:	S.B. NKOSI
Contact telephone number:	035-8745500
Contact e-mail address:	mm@zululand.org.za
Name of contact at provincial treasury:	NOMFUNDO SHONGWE
Contact telephone number:	033 897 4423
Contact e-mail address:	nomfundo.shongwe@kzntreasury.gov.za
Name of relevant Auditor:	Auditor General
Contact telephone number:	033- 264 7400
Contact e-mail address:	JabulaniN@agsa.co.za
Name of contact at National Treasury:	Unathi Ndobeni
Contact telephone number:	012 315 5103
Contact e-mail address:	unathi.ndobeni@treasury.gov.za

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1 Cllr VZ kaMagwaza Msibi	Mayor
2 Cllr MA Hlatshwayo	Speaker
3 Cllr SE Qwabe	Deputy Mayor
4 Cllr V O Mbuyisa	Member of the Executive Committee
5 Cllr B B Zwane	Member of the Executive Committee
6 Cllr ME Khumalo	Member of the Executive Committee
7 Cllr S E Nkwanyana	Member of the Executive Committee
8 Cllr SR Nkosi	Member
9 Cllr M M Mntungwa	Member
10 Cllr M B Mabaso	Member
11 Cllr ZS Buthelezi	Member
12 Cllr R B Mhlungu	Member
13 Cllr N J Mjaja	Member
14 Cllr Z Siyaya	Member
15 Cllr T B Lukhele	Member
16 Cllr SJ Zulu	Member
17 Cllr BJ Mncwango	Member
18 Cllr BC Nhlabathi	Member
19 Cllr KE Nxumalo	Member
20 Cllr IA Mbatha	Member
21 Cllr NM Nhlabathi	Member
22 Cllr RM Zulu	Member
23 Cllr MT Lushaba	Member
24 Cllr NF Zulu	Member
25 Cllr MS Ntshangase	Member
26 Cllr ISM Hadebe	Member
27 Cllr ME Buthelezi	Member
28 Cllr Mkhize TK	Member
29 Cllr Ximba SP	Member
30 Cllr TL Khumalo	Member
31 Cllr PTAN Buthelezi	Member
32 Cllr LS Dumakude	Member
33 Cllr N Xaba	Member
34 Cllr TJ Khumalo	Member
35 Cllr Dlamini QM	Member

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**
for the year ended 30 June 2013

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

B-400 GAGANE STREET
ULUNDI
3838

Postal address:

PRIVATE BAG X76
ULUNDI
3838

Telephone number:

035 874 5500

Fax number:

035 874 5589/91

E-mail address:

mm@zululand.org.za

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013**

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 44**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these 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 Cooperative Governance and Traditional Affairs's determination in accordance with this Act.



Municipal Manager:

30 August 2013

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013**

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	Note	2013 R	2012 Restated
ASSETS			
Current assets		125 487 056	197 593 703
Cash and cash equivalents	2	89 550 879	170 026 780
Trade and other receivables from exchange transactions	3	9 958 786	5 460 061
Other receivables from non-exchange transactions	4;38	4 478 807	1 719 633
Inventories	5	3 351 202	2 550 081
Prepayments	6	1 924 639	1 958 932
VAT receivable	13	16 222 743	15 878 218
Non-current assets		1 765 209 264	1 496 740 945
Non-current receivables	7	4 009 170	3 354 950
Property, plant and equipment	8	1 759 833 401	1 492 819 990
Heritage assets	9	988 478	305 370
Intangible assets	10	378 216	260 635
Total assets		1 890 696 320	1 694 334 649
LIABILITIES			
Current liabilities		93 954 735	130 609 343
Trade and other payables from exchange transactions	11	72 148 018	72 677 372
Consumer deposits	12	3 218 441	3 318 848
Taxes and transfers payable (non-exchange)		32 712	-
Current provisions	14	5 280 542	4 283 885
Bank overdraft	1	-	-
Vat Payable	12	-	-
Liabilities from non-exchange transactions	15	13 275 023	10 734 655
Current portion of borrowings	16	-	-
Current portion of finance lease liability	16	-	112 355
Bank overdraft	2	-	39 476 013
Other current liabilities		-	6 214
Non-current liabilities		5 325	5 325
Non-current unspent conditional grants and receipts	15	-	-
Non-current borrowings	16	-	-
Non-current finance lease liability	16	-	-
Other non-current financial liabilities	17	5 325	5 325
Non-current provisions	1	-	-
Defined benefit plan obligations	39	-	-
Total liabilities		93 960 060	130 614 668
Net assets		1 796 736 261	1 563 719 981
NET ASSETS			
Reserves			
Accumulated surplus / (deficit)		1 796 736 261	1 563 719 981
Total net assets		1 796 736 261	1 563 719 981

	Note	2013 R	2012 Restated R
Revenue			
Service charges	18	23 914 694	27 077 989
Rental of facilities and equipment	19	106 272	98 400
Interest earned - external investments	20	11 829 016	13 252 501
Interest earned - outstanding receivables	21	445 473	953 771
Revenue from non-exchange transactions	22	650 660 526	569 632 092
Other income	23	1 834 441	3 207 806
Total revenue		688 790 423	614 222 561
Expenses			
Employee related costs	24	113 005 000	92 255 387
Remuneration of councilors	25	6 054 148	5 674 057
Contribution to Doubtful debts	3	2 525 817	6 500 083
Depreciation and amortisation expense	26	30 074 024	32 072 963
Repairs and maintenance		38 258 138	36 470 055
Finance costs	27	10 519	253 335
Bulk Water purification and Sewer Treatment	28	67 096 498	52 495 722
Contracted services	29	10 691 098	7 257 671
Grants and subsidies paid	30	1 041 732	980 879
General expenses	31	187 017 168	164 956 084
Total expenses		455 774 144	398 916 236
Gains / (losses) on sale of assets	31	-	26 930
Financial Loss	41	-	(3 481 539)
Surplus / (deficit) for the period		233 016 279	211 851 716

ZIMBABWE DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2013

DETAILS

Accumulated
Surplus / (Deficit)

	Note	R
Balance at 30 June 2011		1 345 952 589
Correction of prior period error	38	142 402
Surplus / (deficit) for the period		211 851 715
Balance at 30 June 2012		1 557 946 706
Correction of prior period error	38	5 773 275
Restated Balance at 30 June 2012		1 563 719 981
Surplus / (deficit) for the period		233 016 279
Balance at 30 June 2013		1 796 736 261

	Note	2013 R	2012 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
		668 900 298	608 919 878
Cash Received from consumers, government and other	33	668 900 298	608 919 878
Payments			
		(423 718 204)	(401 361 269)
Cash Paid to employee costs, supplier and other	33	(423 718 204)	(401 361 269)
Net cash flows from operating activities	33	245 182 094	207 558 609
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(286 059 107)	(218 331 919)
Purchase of Property, Plant and Equipment		(297 030 083)	(231 228 962)
Purchase of Heritage Assets		(683 108)	(305 370)
Interest-Investments		11 829 016	13 252 501
Purchase of intangible assets		(174 933)	(50 088)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(122 874)	(3 293 777)
Repayment of borrowings		-	(2 754 909)
Repayment of finance lease liability		(112 355)	(285 532)
Finance Cost-Borrowings		-	-
Finance Cost-Finance Lease		(10 519)	(253 335)
		(40 999 888)	(14 067 086)
Net increase / (decrease) in net cash and cash equivalents		(40 999 888)	(14 067 086)
Net cash and cash equivalents at beginning of period		130 550 767	144 617 853
Net cash and cash equivalents at end of period	33	89 550 879	130 550 767

Actual 2012	Description	Actual 2013	Approved Budget 2013	Adjustments	Final Budget 2013	Difference	Comments
	Revenue						
27 077 989	Service charges	23 914 894	32 771 604		32 771 604	8 856 909	Under-recovery of water revenue due to water loss.
98 400	Rental of facilities and equipment	106 272			-	-106 272	Budget oversight.
13 252 501	Interest earned - external investments	11 829 016	12 566 926		12 566 926	737 910	Interest is based on estimated capital investments that fluctuate during the year.
953 771	Interest earned - outstanding receivables	445 473			-	-445 473	Entry based on Grap compliance
569 632 092	Government grants and subsidies	650 660 526	650 996 000	2 683 517	653 679 517	3 018 991	Due to underspending on some conditional grants funding.
3 207 806	Other income	1 834 441	126 088 336	11 340 549	139 429 885	137 595 444	Due to the appropriation of accumulated reserves used to finance the budget
614 222 561	Total revenue	688 790 423	824 423 866	14 024 066	838 447 933	149 657 510	
	Expenses						
92 255 387	Employee related costs	113 005 000	113 260 798	6 113 649	119 374 447	6 369 447	Due to budgeted increment percentage used being high than the actual increment imposed by SALGA.
5 674 057	Remuneration of councillors	6 054 148	6 242 765		6 242 765	188 617	Savings on Subsistence and Traveling
6 500 083	Bad debts	2 525 817	3 226 266		3 226 266	700 449	Based on actual debt impairment
32 072 963	Depreciation and amortisation expense	30 074 024	31 573 791		31 573 791	1 499 767	Based on prior year actual depreciation. Assets purchased at different intervals during the year.
36 470 055	Repairs and maintenance	38 258 138	38 466 856		38 466 856	208 718	Repairs to be undertaken exceeded available budget
253 335	Finance costs	10 519	50 033		50 033	39 513	Liabilities paid during the year
52 495 722	Bulk Water purification and Sewer Treatment	67 096 498	70 788 590		70 788 590	3 692 092	Due to less bulk water purchases as a results of refurbishment works conducted at the plants.
5 981 967	Contracted services	10 691 098	11 414 896		11 414 898	723 800	Savings achieved
980 879	Grants and subsidies paid	1 041 732	1 151 732		1 151 732	110 000	Funded organisations could not prove prior year expenditure
166 231 788	General expenses	187 017 168	180 882 342	6 455 417	187 337 759	320 591	Savings achieved
396 916 236	Total expense	455 774 144	457 058 070	12 569 066	469 627 137	13 852 993	
26 630	Gains / (Losses) on sale of assets	-	-	-	-	-	
-3 481 539	Financial Loss	-	-	-	-	-	
211 851 715	Surplus / (Deficit) for the period	233 016 279	367 365 796	1 455 000	368 820 796	135 804 517	

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

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

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

Accounting policies for material transactions, events or conditions not covered by the 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.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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 accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. 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.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related Party Disclosures	No effective date
GRAP 25	Employee Benefits	No effective date
GRAP 31	Intangible Assets	No effective date
GRAP 105	Transfer of Functions Between Entities Under Common Control	No effective date
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No effective date
GRAP 107	Mergers	No effective date

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements. For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

**ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

for the year ending 30 June 2013

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an asset is acquired by the municipality for no 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.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

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 incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

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. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Finance lease assets

Office equipment	5 years
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Other

Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

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.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

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

1.6.4 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.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the statement of financial performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

Intangible assets are initially recognised at cost.

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.

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

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

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.

1.8.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5-7 years
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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.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.8.4 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 INVENTORIES

1.9.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.9.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property 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. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11.3 IMPAIRMENTS

The entity 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 Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.11.4 DERECOGNITION

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs.

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist, and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 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 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.13.3 IMPAIRMENTS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

a) Significant risks and rewards are transferred to another party; or

b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.9 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. 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.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.13 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 and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 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 and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

1.16.2 MUNICIPALITY AS A LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.17 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. 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).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to 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 by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter tempering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by 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.

1.18.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined Contribution Plans

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

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits. Except for one staff member who was transferred from another local municipality.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in Appendix F to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2012 to 30 June 2013.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012 R
2 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		5 000	5 000
Call deposits		89 545 879	170 021 780
		89 550 879	170 026 780
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
ABSA BANK-KZN Public Sector Branch: 4047162045			
Cash book balance at beginning of year		-39 476 013	-30 395 497
Cash book balance at end of year		39 545 879	-39 476 013
Bank statement balance at beginning of year		55 427 514	51 885 662
Bank statement balance at end of year		40 318 642	55 427 514
Cash on hand		5 000	5 000
Total cash and cash equivalents		89 550 879	170 026 780
Total bank overdraft		-	-39 476 013
<u>Call Accounts</u>			
Absa Bank (20-7293-6439)		30 000 000	95 021 780
First National Bank (IDS3607016)		10 000 000	65 000 000
Standard Bank (9864660)		10 000 000	10 000 000
Total		50 000 000	170 021 780

Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes.

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
<u>Trade receivables</u>	R	R	R
as at 30 June 2013			
Service debtors (Water and Sanitation)	60 597 865.37	50 639 079	9 958 786
Total	60 597 865	50 639 079	9 958 786
as at 30 June 2012			
Service debtors			
Water and Sanitation	53 573 323	48 113 262	5 460 061
Other Receivables			-
Total	53 573 323	48 113 262	5 460 061
	53 573 323	48 113 262	5 460 061

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**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

	Note	2013	2012 R
<u>Water and Sewerage: Ageing</u>			
Current (0 – 30 days)		2 647 235	2 761 261
31 - 60 Days		2 126 262	2 338 406
61 - 90 Days		1 580 328	1 572 133
91 - 120 Days		1 298 469	1 564 275
121 - 365 Days		10 827 183	1 523 492
+ 365 Days		42 118 388	43 813 756
Total		60 597 865	53 573 323

Summary of Debtors by Customer Classification

	Consumers	Industrial / Commercial/ National & Provincial Government
	R	R
as at 30 June 2013		
Current (0 – 30 days)	1 322 472	1 324 763
31 - 60 Days	1 058 996	1 067 265
61 - 90 Days	1 008 069	572 259
91 - 120 Days	791 044	507 425
121 - 365 Days	8 395 041	2 432 142
+ 365 Days	39 623 384	2 495 005
Sub-total	<u>52 199 006</u>	<u>8 398 859</u>
Less: Provision for doubtful debts		
Total debtors by customer classification	<u>52 199 006</u>	<u>8 398 859</u>
as at 30 June 2012		
Current (0 – 30 days)	1 399 426	1 361 834
31 - 60 Days	1 121 484	1 216 922
61 - 90 Days	942 321	629 812
91 - 120 Days	1 088 761	475 514
121 - 365 Days	1 007 876	515 617
+ 365 Days	40 038 201	3 775 555
Sub-total	<u>45 598 068</u>	<u>7 975 254</u>
Less: Provision for doubtful debts		
Total debtors by customer classification	<u>45 598 068</u>	<u>7 975 254</u>

3 Reconciliation of the doubtful debt provision

Provision at beginning of the year	48 113 262	41 813 179
Contributions to provision	2 525 817	6 500 083
Reversal of provision	-	-
Balance at end of year	<u>50 639 079</u>	<u>48 113 262</u>

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2013, R9 958 786 - (2012: R5 480 061) were past due but not impaired.

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

Less than 60 days past due	745 987	1 499 779
Less than 180 days past due	9 212 799	3 960 282
	<u>9 958 786</u>	<u>5 460 061</u>

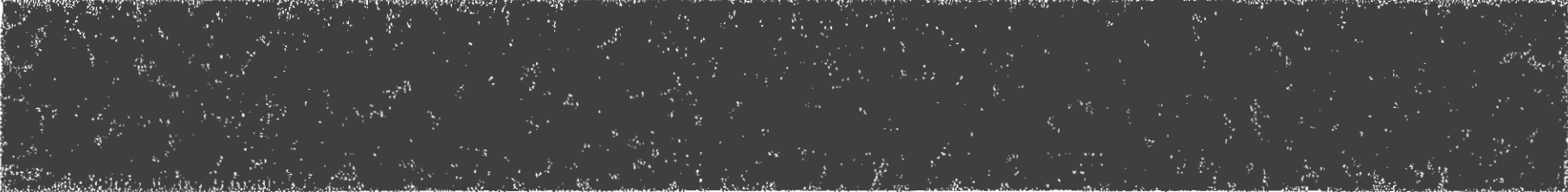
**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

Note	2013	2012 R
Trade and other receivables impaired		
As of 30 June 2013, trade and other receivables of R50 639 079 - (2012: R48 113 262) were impaired and provided for.	50 639 079.11	48 113 262
The ageing of these receivables is as follows:		
3 to 6 months	5 359 657.28	3 605 107
Over 6 months	45 279 421.83	44 508 155
	50 639 079.11	48 113 262
The fair value of trade and other receivables approximates their carrying amounts.		
4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Total Other Debtors	4 478 807	2 409 553
Reclassified to Prepayments (Federal Air Deposit)	-	-689 920
Net total	4 478 807	1 719 633
5 INVENTORIES		
Closing balance of inventories:	3 351 202	2 550 081
Consumable store & water stock	3 351 202	2 550 081
6 PREPAYMENTS		
Prepaid expenses	1 234 719	1 269 012
Reclassified from Trade and Other Receivable from Exchange Transactions (Federal Air Deposit)	689 920	689 920
Includes payments for Kwanaloga and accommodation for Kwanaloga games 2013 and PayDay Annual Licences	1 924 639	1 958 932
7 NON-CURRENT RECEIVABLES		
Debtor: Eskom Deposits	4 003 126	3 348 906
Deposit: Property 165 President Str, Vryheid	6 044	6 044
Deposit: Federal Air	689 920.00	689 920
	4 699 090	4 044 870
Reclassified to Prepayments	-889 920	-889 920
	4 009 170	3 354 950

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

Federal Air Deposit- A deposit on aviation contract



	R	R	R	R	R	R	R	
as at 1 July 2012	470 000	35 180 011	1 430 740 354	-	305 370	26 020 037	164 218	1 693 069 162
Cost/Revaluation	470 000	42 996 247	1 603 713 009	-	305 370	44 677 283	907 253	1 693 069 162
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(7 816 236)	(172 972 655)	-	-	(18 657 246)	(803 035)	-
Acquisitions	-	-	-	-	-	4 253 793	-	4 253 793
Capital under Construction	-	479 787	293 606 944	-	-	-	-	294 086 731
Depreciation	-	(1 080 250)	(22 636 688)	-	-	(6 194 784)	(104 219)	(30 015 941)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2013	470 000	34 579 547	1 700 704 808	-	-	24 079 046	(0)	1 759 833 401
Cost/Revaluation	470 000	43 476 034	1 897 319 953	-	305 370	48 931 076	907 253	1 991 409 685
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
Accumulated depreciation and impairment losses	-	(8 896 488)	(195 609 343)	-	-	(24 852 030)	(907 253)	(230 285 113)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

The council has 217 fully depreciated assets still in use. Council policy is to dispose fully depreciated assets still in use in the next accounting period

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	R	R	R	R	R	R	R	R
as at 1 July 2011	470 000	27 214 192	1 247 714 074	-	-	17 932 420	333 303	1 293 663 990
Cost/Revaluation	470 000	33 950 273	1 394 692 094	-	-	33 048 846	907 253	1 463 068 467
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(6 736 082)	(146 978 020)	-	-	(15 116 426)	(573 950)	(169 404 477)
Acquisitions	-	-	-	-	-	12 750 729	-	12 750 729
Capital under Construction	-	9 045 974	209 020 914	-	305 370	-	-	218 372 258
Depreciation	-	(1 080 154)	(25 994 635)	-	-	(4 493 607)	(229 085)	(31 797 682)
Carrying value of disposals	-	-	-	-	-	(169 305)	-	(169 305)
Cost/Revaluation	-	-	-	-	-	(1 122 292)	-	(1 122 292)
Accumulated depreciation and impairment losses	-	-	-	-	-	952 987	-	952 987
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2012	470 000	35 180 011	1 430 740 354	-	305 370	26 020 037	104 218	1 492 819 990
Cost/Revaluation	470 000	42 998 247	1 603 713 009	-	305 370	44 677 283	907 253	1 693 069 162
Accumulated depreciation and impairment losses	-	(7 816 236)	(172 972 655)	-	-	(18 657 246)	(803 035)	(200 249 172)

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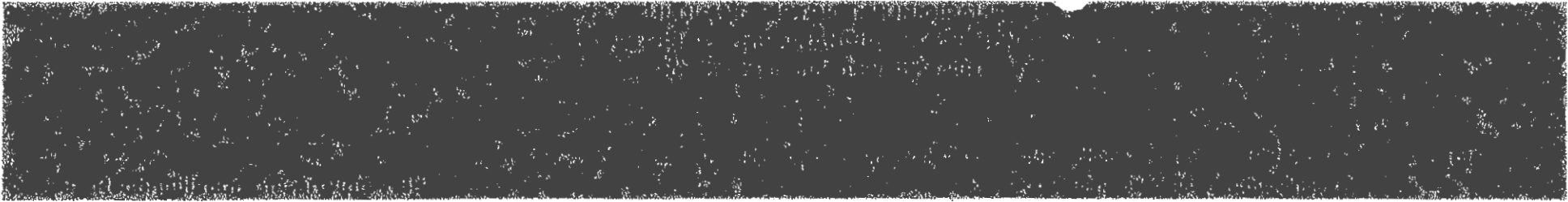
HERITAGE ASSETS

HERITAGE ASSETS

	Art collection R	Stamp collection R	Furniture of value R	Historical buildings R	Total R
as at 1 July 2012	305 370	-	-	-	305 370
Cost/Revaluation	305 370	-	-	-	305 370
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	683 108	-	-	-	683 108
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other movements*	-	-	-	-	-
as at 30 June 2013	988 478	-	-	-	988 478
Cost/Revaluation	988 478	-	-	-	988 478
Transfers	-	-	-	-	-
Impairment losses	-	-	-	-	-

*Other movements consist of
Refer to Appendix C for more detail on Heritage Assets

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R R R R R

as at 1 July 2011
 Cost/Revaluation
 Correction of error (note 48)
 Change in accounting policy (note 47)
 Accumulated depreciation and impairment losses

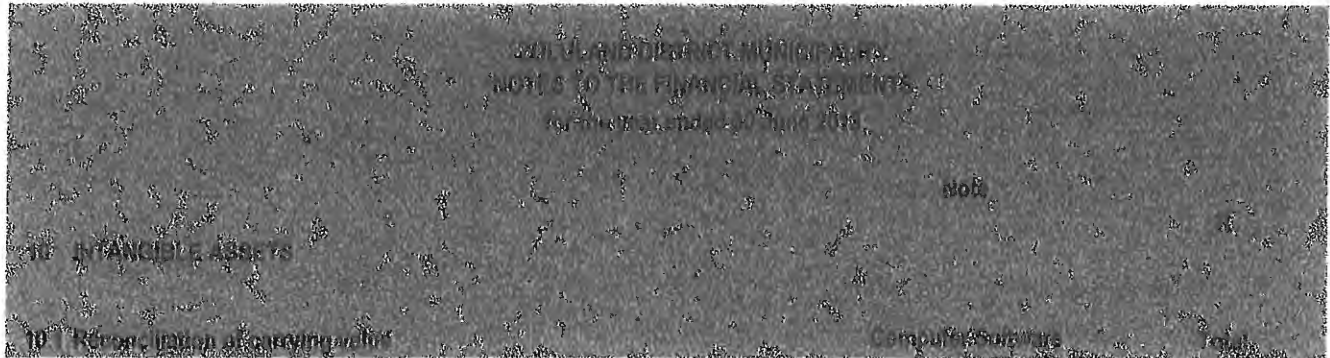
 Acquisitions
 Capital under Construction

 Impairment loss/Reversal of impairment loss
 Transfers
 *Other movements

as at 30 June 2012
 Cost/Revaluation
 Impairment losses

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
305 370	-	-	-	305 370
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
305 370	-	-	-	305 370
305 370	-	-	-	305 370
-	-	-	-	-

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as at 1 July 2012

Cost

Accumulated amortisation and impairment losses

Acquisitions

Amortisation

as at 30 June 2013

Cost

Accumulated amortisation and impairment losses

R

R

260 635

2 036 171

(1 775 536)

175 665

(58 083)

378 216

2 211 836

(1 833 619)

260 635

2 036 171

(1 775 536)

175 665

(58 083)

378 216

2 211 836

(1 833 619)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

		R	
11	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Creditors control account	-	204 422
	Creditor previous year/ year end	34 881 926	44 143 096
	Bank deposits not receipted	67 788	72 772
	Creditors: K Sifiso	-	10 259
	Retention	36 194 641	32 814 482
	R/D cheque	28 449	
	Water & Sanitation Debtors with Credit Balances	975 215	767 367
	Staff leave		4 283 885
	Restated Creditors Balance	72 148 818	82 296 283
	Reclassified to Current provision		-4 283 885
	Adjusted for Retention (prior error)		-8 389 207
	Total creditors		1 054 181
	Adjusted for other Correction of prior period errors	36	-
	Total Restated Creditors	<u>72 148 818</u>	<u>72 677 372</u>
12	CONSUMER DEPOSITS		
	Water	3 218 441	3 318 848
	Total consumer deposits	<u>3 218 441</u>	<u>3 318 848</u>
	ZDM does not pay interest on deposits refunded.		
13	VAT RECEIVABLE		
	Add: Reclassified to Vat payable		
	Vat	20 802 719	19 350 953
	Year-end vat reclaimable	2 773 995	3 012 964
		(7 353 971)	(6 485 699)
	VAT RECEIVABLE	<u>16 222 743</u>	<u>15 878 218</u>
	Vat is accounted for on the payments basis.		
14	CURRENT PROVISIONS		
	Reconciliation of movement in Provision for Leave pay		
	Reclassified from trade and other payables from exchange transactions		
	Opening Balance	4 283 885	3 914 422
	Provisions Raised	3 273 271	369 463
	Amounts Used	(2 276 614)	-
	Closing Balance	<u>5 280 542</u>	<u>4 283 885</u>
15	LIABILITIES FROM NON-EXCHANGE TRANSACTIONS		
	Unspent Conditional Grants from other spheres of Government		
	Unspent Conditional Grants	13 275 023	10 734 655
	Total Unspent Conditional Grants and Receipts	<u>13 275 023</u>	<u>10 734 655</u>
16	FINANCE LEASE LIABILITY		
	2013	Minimum lease payment	Future finance charges
	Amounts payable under finance leases	R	R
	Within one year	-	-
	Within one year	<u>-</u>	<u>-</u>

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ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

R

Less: Amount due for settlement within 12 months (current portion)
 Outstanding amount

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under fina

2012	Minimum lease payment R		Future finance charges R
Amounts payable under finance leases			
Within one year	122 690	112 355	10 334
Within two to five years			
	<u>122 690</u>		<u>10 334</u>

Less: Amount due for settlement within 12 months (current portion)

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under fina
 by the lessor's title to the leased asset.

OTHER FINANCIAL LIABILITIES

17 Other Non-Current Financial Liabilities		
Disclosed as Other Current Liabilities (2011/12)	-	11 539
Reclassified from Other current liabilities to Non-Current Liabilities		-5 325
Other Current Liabilities restated		6 214
Deposit-IEC	2 905	-
Deposit - WSSA	2 420	-
	<u>5 325</u>	<u>5 325</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

			R
	Other Current Liabilities in 2011/12 were disclosed as R11,539 has been reclassified to Other Current Liabilities (R6,214) and Other Non-Current Financial Liabilities (R5,325).		
18	SERVICE CHARGES		
	Sale of water	17 459 683	20 609 439
	Sewerage and sanitation charges	6 455 011	8 468 551
	Total Service Charges	23 914 694	27 077 989
19	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities	106 272	98 400
	Total rentals	106 272	98 400
20	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Current Account	757 668	254 376
	Call Accounts	11 071 348.5	12 998 125
	Total interest	11 829 016	13 252 501
21	INTEREST EARNED - OUTSTANDING RECEIVABLES		
	Debitors	445 473.1	953 771
	Total interest	445 473.1	953 771
22	REVENUE FROM NON-EXCHANGE TRANSACTIONS		
	GOVERNMENT GRANTS AND SUBSIDIES		
	DWAF Accelerated Community infrastructure (Operational & maintenance)	8 268 000	-
	DWAF- Bulk Infrastructure Grant	64 046 660	56 976 896
	Equitable share	258 854 000	234 326 000
	Expanded public works Programme	5 207 000	1 244 000
	Finance Management Grant	1 250 000	1 250 000
	Grant: Infrastructure	3 443 130	-
	Indonsa	1 561 000	1 487 000
	LED Catalyst	1 132 356	867 644
	Local Government Cholera Project	-	303 662
	MIG Grant	275 487 000	227 100 000
	Municipal Systems Improvement Grant	1 000 000	1 000 000
	Massification	5 194 285	8 270 000
	Okhukho Rudimentary Project	-	2 700 000
	P700 Strategic Corridor	7 968 698	14 050 494
	Shared Services Planning	365 138	2 518 827
	Ulundi Airport	9 043 622	14 729 570
	Grants: ACIP	1 339 638	2 810 000
	Ulundi Tourism Hub	6 500 000	-
	TOTAL GOVERNMENT GRANTS AND SUBSIDIES	650 660 826	569 632 082

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ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

R

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6ld free basic water

MIG GRANT

Balance unspent at beginning of year	-	-
Current year receipts	275 487 000.0	227 100 000
Conditions met - transferred to revenue	(275 487 000.00)	(227 100 000.00)
Conditions still to be met - remain liabilities	-	-

MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.

Other Conditional Government Grants and Subsidies

Balance unspent at beginning of year	10 734 555	11 438 793
Current year receipts	653 200 893	342 532 092
Conditions met - transferred to revenue	(650 680 526)	(343 236 230)
Conditions still to be met - remain liabilities	13 275 023	10 734 655

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 05 of 2012, no significant changes in the level of government grant funding are expected over the forthco

23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

OTHER INCOME		
Insurance Claim	-	34 962
Marathon	32 322	31 602
New connections-sewage	10 945	12 342
New connections-water	75 973	45 279
Reconnection fees-water	119 114	90 022
Sundry Income	143 541	2 498 289
Multipurpose Stadium	-	68
Indonsa Hall Hire	7 800	2 300
Telephone expenses recovered	77 934	114 925
Skills Levy Refunds	636 724	
Other income		92 302
Tender deposits	730 088	286 314
TOTAL OTHER INCOME	1 834 441	3 207 806

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	80 039 587	65 527 267
Employee related costs - Contributions for UIF, pensions and medical aids	16 980 240	13 869 078
Travel, motor car, accommodation, subsistence and other allowances	6 705 511	5 996 309
Housing benefits and allowances	610 794	563 081
Overtime payments	4 527 693	3 198 370
Other employee related costs	4 141 174	3 101 283
TOTAL EMPLOYEE RELATED COSTS	113 005 000	92 255 387

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**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

	R	
Remuneration of the Municipal Manager		
Annual Remuneration	540 000.0	540 000
Performance- and other bonuses	229 704.2	-
Travel, motor car, accommodation, subsistence and other allowances	706 771.9	854 947
Contributions to UIF, Medical and Pension Funds	53 294.2	192 749
TOTAL	1 529 770.3	1 387 696
Remuneration of the Chief Finance Officer		
Annual Remuneration	360 000.0	355 620
Performance- and other bonuses	188 917.4	-
Travel, motor car, accommodation, subsistence and other allowances	627 288.9	725 604
Contributions to UIF, Medical and Pension Funds	46 924.2	129 424
TOTAL	1 201 130.6	1 210 547

	R	R	R	R
2013				
Annual Remuneration	360 000	60 000	351 239	380 000
Performance- and other bonuses	-	-	182 989	86 235
Travel, motor car, accommodation, subsistence and other allowances	669 601	102 949	694 393	627 814
Contributions to UIF, Medical and Pension Funds	37 286	3 005	56 798	19 713
Total	1 066 887	185 954	1 265 419	1 093 762
	Community	Technical Services	Corporate Services	Planning
		R	R	R
2012				
Annual Remuneration	361 204	307 437	307 437	307 437
Performance- and other bonuses	-	-	-	84 280
Travel, motor car, accommodation, subsistence and other allowances	550 560	809 033	812 211	240 712
Contributions to UIF, Medical and Pension Funds	149 372	98 969	138 333	53 219
Total	1 061 136	1 215 459	1 255 981	685 648

25 REMUNERATION OF COUNCILLORS

Mayor	724 280.02	637 333.62
Deputy Executive Mayor	409 088.38	397 175.00
Speaker	599 390.94	562 527.50
Executive Committee Members	2 761 774.37	2 229 496.00
Councillors' pension and medical aid contributions	392 813.94	262 080.30
Councillors' allowances	1 166 800.80	1 585 444.18
Total Councillors' Remuneration	6 054 148.45	5 674 056.60

In-kind Benefits

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

The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

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ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

R

26 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	30 016 673	32 072 963
Intangible assets	57 351.5	-
Total Depreciation and Amortisation	30 074 024	32 072 963

27 FINANCE COSTS

Borrowings	10 519	253 336
Total Finance Costs	10 519	253 336

BULK WATER PURIFICATION AND SEWER TREATMENT

Electricity	29 099 609	24 414 174
Water	37 996 890	28 061 548
Total Bulk Purchases	67 096 499	52 475 722

29 CONTRACTED SERVICES

Contracted services for:		
Security Services	7 349 797	3 786 861
Meter reading Services	468 520	380 814
Cleaning Service	1 770 044	1 814 293
Internal Audit Services	1 102 735	-
Total	10 691 096	5 981 967
Reclassified from General Expenses (Internal Audit fees)	-	1 275 704
Restated total	10 691 096	7 257 671

30 GRANTS AND SUBSIDIES PAID

Abaqulusi Municipality	50 000	50 000
Edumbe Municipality	-	-
Nongoma Municipality	50 000	50 000
Pongola Municipality	50 000	50 000
Ukundi Municipality	50 000	50 000
Battledie Route	60 000	50 000
Zululand Biding Route	50 000	50 000
Water Service Provider Grant (Abaqulusi)	721 732	680 879
	1 041 732	980 879

These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality

31 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	224 078	188 975
Audit fees	1 609 015	1 387 051
Bank charges	200 087	150 233
Conferences and delegations	25 393	65 305
Entertainment	410 621	430 133
Fuel and oil	7 692 468	5 870 086
Insurance	971 418	752 495
Membership fees	707 435	517 423
License fees	190 900	223 414
Postage	302 815	211 468
Printing and stationery	469 141	1 074 310
Professional fees	6 333 945	6 892 723
Rental of buildings	230 836	240 458

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

		R
Rental of office equipment	662 541	403 567
Other rentals	151 112	450 941
Skills development levies	1 075 340	909 127
Stocks and material	-	163 310
Telephone cost	2 307 670	2 632 775
Training	1 620 460	1 642 609
Community & social expenditure	88 499 142	75 793 556
Travel and subsistence	8 399 503	5 370 643
Uniforms & overalls	1 059 711	140 655
Grants/ Projects expenditure	63 873 536	58 433 826
Internal Audit fees	1 102 736	1 275 704
Total	188 119 905	166 231 788
Reclassified to Contracted Services (Internal Audit fees)	-1 102 736	-1 275 704
Restated total	<u>187 017 168</u>	<u>164 956 084</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	R	
32 GAIN / (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	-	26 930
Total gain / (loss) on sale of assets	-	26 930
33 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	233 016 279	211 851 716
Adjustment for:-		
Depreciation and amortisation	30 074 024	32 072 963
(Gain) / loss on sale of assets	-	-
Correction of Prior period error		5 915 677
Finance costs-Borrowings	10 519	253 335
Interest - Investments	(11 829 016)	(13 252 501)
Operating surplus before working capital changes:	251 271 807	236 841 190
Working Capital	(6 089 713)	(29 282 579)
(Increase)/decrease in trade and other receivables from exchange transactions	(4 498 726)	(1 486 912)
(Increase)/decrease in other receivables from non-exchange transactions	(2 759 174)	558 788
(Increase)/decrease in current provisions	996 657	4 283 885
(Increase)/decrease in prepayments	34 292	(1 464 438)
(Increase)/decrease in VAT receivable	(344 526)	6 113 847
(Increase)/decrease in VAT payable	-	(5 054 192)
(Increase)/decrease in Inventory	(801 121)	(680 418)
(Increase)/decrease in non-current receivables	(654 220)	(839 372)
Increase/(decrease) in trade and other payables from exchange transactions	(529 354)	(220 376)
Increase/(decrease) in consumer deposits	(100 407)	39 843
Increase/(decrease) in current taxes	32 712	
Increase/(decrease) in current portion of unspent conditional grants and receipts	2 540 367	(704 137)
Increase in other non current financial liabilities		5 325
Increase/(decrease) in other current financial liabilities (Current liabilities)	(6 214)	(29 834 421)
Cash generated by/(utilised in) operations	245 182 094	207 559 611
Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	688 790 423	614 222 561

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ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	R	
Adjusted for items disclosed separately		
Interest received	(11 829 016)	(13 252 501)
Adjusted for working capital	(8 061 100)	7 949 818
(Increase)/decrease in trade and other receivables from exchange transactions	(4 498 728)	(1 486 912)
(Increase)/decrease in other receivables from non-exchange transactions	(2 759 174)	558 788
Increase in current portion of receivables	996 657	4 283 885
(Increase)/decrease in VAT receivable	(344 526)	6 113 847
(Increase)/decrease in inventory	(801 121)	(580 418)
(Increase) in non-current receivables	(654 220)	(839 372)
Cash receipts from consumers, government and other	668 900 298	608 919 878
Cash paid to employees, suppliers and other		
Total expenses as per statement of financial performance	(455 774 144)	(398 916 236)
Adjusted for non-cash items:	30 074 024	34 534 031
Depreciation	30 074 024	32 072 963
Correction of prior period error		5 915 677
Loss on assets (financial asset)	-	(3 454 609)
Adjusted for items disclosed separately		
Finance Costs	10 519	253 335
Adjusted for working capital	1 971 398	(37 232 398)
(Increase)/decrease in prepayments	34 292	(1 464 438)
Increase/(decrease) in trade and other payables from exchange transactions	(529 354)	(220 376)
Increase/(decrease) in current portion of unspent conditional grants and receipts	2 540 367	(704 138)
Increase/(decrease) in consumer deposits	(100 407)	39 843
Increase/(decrease) in VAT payable	-	(5 054 192)
Increase/(decrease) in current taxes and transfers payables (non-exchange)	32 712	6 325
Increase/(decrease) in other current liabilities	-6 214	(29 834 421)
(Increase)/(decrease) in other current liabilities		
Cash paid to employees, suppliers and other	(423 718 204)	(401 361 269)
34 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	89 550 879	170 026 780
Bank overdrafts	-	(39 476 013)
Net cash and cash equivalents (net of bank overdrafts)	89 550 879	130 550 767
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.1 Contributions to organised local government		
Opening balance		-
Membership Fees	707 435.0	517 423
Amount paid - current	(707 435.0)	(517 423)
Amount paid - previous years		
Balance unpaid (included in payables)	-	-

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ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

		R	
35.2	Audit fees		
	Opening balance		
	Current year audit fee	1 609 015	1 387 051
	Amount paid - current year	(1 609 015)	(1 387 051)
	Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>
35.3	PAYE and UIF		
	Opening balance		-
	Current year payroll deductions	16 384 942.79	11 147 085
	Amount paid - current year	(16 384 942.79)	(11 147 085)
	Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>
35.4	Medical and Pension Contributions		
	Opening balance		-
	Current year payroll deductions and Council Contributions	7 513 650.42	16 164 057
	Amount paid - current year	(7 513 650.42)	(16 164 057)
	Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>
35.5	The following Councilors had arrear accounts outstanding as at 30 June 2013:	Outstanding less than 90 days	Outstanding more than 90 days
	as at 30 June 2013	R	R
	Cllr T B Lukhele	2 787	3 531
	Cllr V Z KaMagwaza-Msibi	(798)	(614)
	Cllr PATN Buthelezi	3 970	3 859
	Cllr I A Mbatha	1 761	1 586
	Cllr S E Nkwanyana	(312)	(63)
	Cllr B J Mncwango	123	8
	Cllr T K Mkhize	2 787	3 531
	Cllr K E Nxumalo	33 451	33 207
	Total Councilor Arrear Consumer Accounts	<u>43 771</u>	<u>45 043</u>

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

	R	
as at 30 June 2012		
Cllr T B Lukhele	22 203	-
Cllr V Z Kallagwaza-Msibi	(232)	(232)
Cllr PATN Buthelezi	3 125	-
Cllr I A Mbatsha	1 096	-
Cllr S E Nkwananya	351	-
Cllr B J Mncwango	(136)	(136)
Cllr T K Mkhize	6 571	-
Cllr K E Nkumalo	30 870	-
	(389)	-
Total Councillor Arrear Consumer Accounts	63 499	(368)
35.6 Water losses averaged 8% during the year	9 628 755	98 600

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7 Irregular Expenditure and Deviations		
Reconciliation of irregular expenditure and deviations	-	
Opening balance	16 870 556	5 422 911
Irregular expenditure and deviations incurred during the year	18 653 376	11 447 645
Irregular expenditure and deviations condoned or written-off by council	-	-
Irregular expenditure not condoned	1 443 341	-
Irregular expenditure and deviations awaiting condonement	36 967 273	16 870 556

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MSD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	6 975 536	-
Unauthorised incurred during the year	-	6 975 536
Unauthorised incurred condoned or written-off by council	(6 975 536)	-
Unauthorised awaiting condonement	-	6 975 536

35.9 Fruitless and Wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	20 098	-
Fruitless and wasteful incurred during the year	42 815	20 098
Fruitless and wasteful condoned or written-off by council	(20 098)	-
Fruitless and wasteful awaiting condonement	42 815	20 098

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

36

CAPITAL COMMITMENTS

R

Commitments in respect of capital expenditure

- Approved and contracted for		
Infrastructure	276 647 535	275 036 558
Community		
Heritage		
Other		
- Approved but not yet contracted for	110 780 868	151 898 594
Community	6 000 000	20 000 000
Heritage		
Other	19 055 161	50 348 152
Infrastructure	85 725 705	81 550 442
Total	387 428 401	426 935 152

This expenditure will be financed from:

- Own Revenue	28 397 401	48 572 152
- Government Grants	359 031 000	378 363 000
- District Council Grants		
	387 428 401	426 935 152

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

R

37 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	81 287	132 059
In the second to fifth year inclusive	77 927	223 512
After five years		
Total	159 215	355 571

Total future minimum sublease payment expected to be received under non-cancellable sublease

Related party balances

Loan accounts - Owing (to) by related parties

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

38

CORRECTION OF PRIOR PERIOD ERROR

R

Add: Correction of errors at 30 June 2011 and prior periods

Nature of error

Sundry Creditor State cheques reversal

6 551

Reversal of cancelled cheque (52250). The consultant applied for the same scheme.

135 851

Restated Balance at 30.6.2011

142 402

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

R

For the 2012 period

Nature of error

Clearing of year end creditors	(8 486.3)
Replacement of a cancelled cheque that was incorrect	(22 800.0)
Clearing grv for 2011/2012 which was incorrectly allocated	204 422.4
Vat input incorrectly claimed	(70 112.0)
State cheque was reversed and replaced in general vote	7 614.9
Reversal of state cheque #52302. Department of Transport did not accept cheques.	2 976.0
Reversal of state cheque #52248. Department of Transport did not accept cheques.	974.0
Reversal of incorrectly capitalised Work In Progress	(98 929.8)
Reversal of duplicated payment and another payment made before delivery took place	(906 872.0)
Correction of an error retention was paid with the wrong vote	1 000 535
Correction of an error retention was paid with the wrong vote	5 388 672
Reversal of accumulated depreciation (refer Management Report, asset componentisation)	276 281
Restated Balance at 30 June 2012	5 773 275

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

		R
NET EFFECT OF PRIOR PERIOD ERRORS:		
Decrease creditors		1 054 181
Decrease in Retention		6 389 207
Decrease in debtors		
Decrease in debtors		
NET EFFECT		7 443 388

39 EMPLOYEE BENEFITS
 Pension Benefits

Council's share of contributions to retirement benefit funds were		9 138 808
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As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

Post retirement benefits

Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard. Except for one employee who was transferred from one of the local municipality.

40 CONTINGENT LIABILITIES

Contingent liabilities comprises of:		
Pending cases	2 499 804	178 532
	2 499 804	178 532

41 CONTINGENT ASSET

Claim for Stolen cheques	3 198 000	3 481 539
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Subsequent to the stealing of cheques, the court case is in progress. Some funds were frozen and according to our lawyers, it is probable that we may recover this amount from the Bank.

42 Statement of Comparison of Budget and Actual Amounts.

The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on Appendix F. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2011 to 30 June 2012.

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
		R	R	R	R	R	R
EXTERNAL LOANS							
Finance Lease Liability-Konica Minolta	30/06/2013	112 355	-	112 355	-		
Total long-term loans		112 355	-	112 355	-	-	
TOTAL EXTERNAL LOANS		112 355	-	112 355	-	-	

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	42 996 247	-	-	479 787	43 476 034	(7 816 236)	(1 080 250)	-	-	(8 896 486)	-	-	34 579 547
Infrastructure													
Water & Sewerage Inst	1 137 067 495	-	-	293 606 944	1 430 674 439	(111 549 547)	(12 600 071)	-	-	(124 149 618)	(906 872)	-	1 305 617 949
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(61 423 109)	(10 036 616)	-	-	(71 459 725)	(98 930)	-	395 086 859
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 603 713 009	-	-	293 606 944	1 897 319 953	(172 972 655)	(22 636 686)	-	-	(195 609 343)	(1 005 802)	-	1 700 704 808
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Historical Buildings	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Paintings & Artefacts	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(180 788 891)	(23 716 938)	-	-	(204 505 829)	(1 311 172)	-	1 735 754 955

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	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
Total brought forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(180 788 891)	(23 716 938)	-	-	(204 505 829)	(1 311 172)	-	1 735 754 355
Other Assets													
Office Equipment	1 444 412	8 798	-	-	1 451 210	(1 091 921)	(147 346)	-	-	(1 239 266)	-	-	211 643
Furniture & Fittings	685 171	214 251	-	-	899 422	(393 595)	(90 761)	-	-	(484 356)	-	-	415 066
Emergency Equipment	139 475	-	-	-	139 475	(70 659)	(13 997)	-	-	(84 656)	-	-	54 820
Motor vehicles	33 967 811	3 386 234	-	-	37 353 845	(13 068 755)	(4 918 098)	-	-	(17 986 853)	-	-	19 366 992
Computer Equipment	5 814 417	619 522	-	-	6 233 939	(3 548 553)	(754 634)	-	-	(4 301 187)	-	-	1 932 752
Other Assets	2 826 197	26 988	-	-	2 853 185	(485 763)	(269 948)	-	-	(755 712)	-	-	2 097 474
	44 677 283	4 253 793	-	-	48 931 076	(18 657 246)	(6 194 784)	-	-	(24 852 030)	-	-	24 079 046
Finance Lease Assets													
Office Equipment	907 253	-	-	-	907 253	(803 035)	(104 219)	-	-	(907 253)	-	-	(0)
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	907 253	-	-	-	907 253	(803 035)	(104 219)	-	-	(907 253)	-	-	(0)
Total	1 693 069 162	4 253 793	-	294 086 731	1 991 409 685	(200 249 172)	(30 015 941)	-	-	(230 265 113)	(1 311 172)	-	1 759 833 401

NB: All the assets that are fully depreciated and having zero balances will be assessed for either disposal, re-use or scrapping in the 2013/2014 financial year by 31 January 2013.

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost/Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000				
Land														
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	-	470 000
Buildings	33 950 273	-	-	9 045 974	42 996 247	(6 736 082)	(1 080 154)	-	-	(7 816 236)	-	-	-	35 180 011
Infrastructure														
Water & Sewerage Inst	928 046 580	-	-	209 020 914	1 137 067 495	(95 338 383)	(16 213 164)	-	-	(111 549 547)	-	-	-	1 025 517 848
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(51 641 637)	(9 781 471)	-	-	(61 423 109)	-	-	-	405 222 405
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 394 692 094	-	-	209 020 914	1 603 713 009	(146 978 020)	(25 994 635)	-	-	(172 972 655)	-	-	-	1 430 740 354
Community Assets														
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets														
Paintings & Artefacts	-	-	-	305 370	305 370	-	-	-	-	-	-	-	-	305 370
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	305 370	305 370	-	-	-	-	-	-	-	-	305 370
Total carried forward	1 429 112 368	-	-	218 372 258	1 647 484 626	(153 714 102)	(27 074 790)	-	-	(180 788 891)	-	-	-	1 466 695 735

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	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
Total brought forward	1 429 112 368	-	-	218 372 258	1 647 484 626	(153 714 102)	(27 074 790)	-	-	(180 788 891)	-	-	1 466 695 735
Other Assets													
Office Equipment	1 416 999	58 272	(30 859)	-	1 444 412	(995 084)	(127 715)	30 858	-	(1 091 921)	-	-	352 491
Furniture & Fittings	645 593	39 578	-	-	685 171	(307 180)	(80 415)	-	-	(393 695)	-	-	291 576
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 475	-	-	-	139 475	(56 614)	(14 044)	-	-	(70 659)	-	-	68 816
Motor vehicles	24 422 865	10 139 679	(594 933)	-	33 967 611	(10 033 068)	(3 476 926)	441 239	-	(13 068 755)	-	-	20 898 856
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 373 136	737 781	(495 600)	-	5 614 417	(3 357 115)	(670 328)	480 890	-	(3 546 553)	-	-	2 067 864
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 050 778	1 775 420	-	-	2 826 197	(367 384)	(118 379)	-	-	(485 763)	-	-	2 340 434
	33 048 846	12 750 729	(1 122 292)	-	44 677 283	(15 116 426)	(4 493 807)	952 987	-	(18 657 246)	-	-	26 020 037
Finance Lease Assets													
Office Equipment	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Total	1 463 068 467	12 750 729	(1 122 292)	218 372 258	1 693 069 162	(169 404 477)	(31 797 682)	952 987	-	(200 249 172)	-	-	1 492 819 990

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2013

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	305 370	-	-	683 108	988 478	-	-	-	988 478
Work of arts	305 370	-	-	683 108	988 478	-	-	-	988 478
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	305 370	-	-	683 108	988 478	-	-	-	988 478

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2012

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	-	-	-	305 370	305 370	-	-	-	305 370
Work of arts	-	-	-	305 370	305 370	-	-	-	305 370
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	-	-	-	305 370	305 370	-	-	-	305 370

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT ,HERITAGE AND INTANGIBLE ASSETS
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	38 667 905	741 328	1 170 115		40 579 348	(283 031)	(48 796)		(331 827)	(1 212 242)	39 318 310
Finance & Admin	3 819 615	3 618 783	11 679 330		19 117 728	(18 834 781)	(2 577 612)		(21 412 393)	(98 930)	16 441 186
Planning & Development	3 788 992	54 517	7 700 931		11 544 440	(475 618)	(78 300)		(553 919)		11 466 140
Health	12 966				12 966	-			-		12 966
Community & Social Services	1 786 518	14 830			1 801 348	(330 190)	(87 266)		(417 456)		1 714 082
Public Safety	2 173 787				2 173 787	-			-		2 173 787
Water	1 429 507 170		274 219 462		1 703 726 632	(182 063 880)	(27 282 050)		(209 345 930)		1 676 444 582
Other	12 787 756				12 787 756	-			-		12 787 756
Total	1 492 544 709	4 429 458	294 769 838	-	1 791 744 005	(201 987 500)	(30 074 024)	-	(232 061 524)	(1 311 172)	1 760 358 809

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ZULULAND DISTRICT MUNICIPALITY
APPENDIX E
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

2012			2013		
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R	R	R	R
	57 696 557	(57 696 557)	9 758 279	32 519 298.24	(22 761 019)
295 074 029	62 519 439	232 554 589	297 486 917	68 327 712.67	229 159 204
3 516 827	15 342 899	(11 826 072)	4 862 666	15 790 666.07	(10 928 000)
16 438 507	42 175 303	(25 736 795)	17 139 978	57 303 272.76	(40 163 295)
299 193 198	221 155 109	78 038 089	359 542 583	283 124 455.13	76 418 127
614 222 561	398 889 308	215 333 254	688 790 423	457 065 405	231 725 018

ZULLILAND DISTRICT MUNICIPALITY
APPENDIX F

its Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of origin of state	Unspent portion 2011/2012 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2012/2013 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework - Revenue Act	Reason for non-compliance
				July	Oct	Jan	April		July	Oct	Jan	April						
				Sept	to Dec	to Mar	to June		to Sept	to Dec	to Mar	to June						
				1	2	3	4	1	2	3	4							
Implementation Grant	DWAF			-	30 051 431.84	29 328 490.13	4 666 737.80	84 046 608.77	6 511 851.81	22 406 140.53	5 379 369.64	29 749 297.79	64 046 659.77	-			YES	
State Share	National Treasury			107 856 000.00	86 285 000.00	64 713 000.00	-	258 854 000.00	107 856 000.00	86 285 000.00	64 713 000.00		258 854 000.00	-			YES	
G	National Treasury			1 250 000.00	-	-	-	1 250 000.00	341 655.00	503 194.00	405 151.00		1 250 000.00	-			YES	
RAL TRANSPORT	KZN COGTA	1 688 000		1 776 000.00	-	-	-	3 464 000.00	284 854.06	1 000 984.10	2 157 281.36		3 443 129.54	20 870.46			YES	
SSIFICATION PROJECT	KZN COGTA				5 965 000.00	5 116 000.00		11 081 000.00	1 653 346.19	1 638 073.03	527 833.11	1 475 033.24	5 194 284.57	5 868 716.43			YES	
Grant	Art & Culture			780 500.00	780 500.00	-	-	1 561 000.00	638 000.00	580 000.00	343 000.00		1 561 000.00	-			YES	
Operating & Maintenance	DWAF			1 854 000.00	3 307 000.00	3 307 000.00	-	8 268 000.00	1 900 170.00	490 272.00	2 334 856.20	3 542 601.00	8 268 000.00	-			YES	
	COGTA			79 391 000.00	118 910 000.00	77 186 000.00	-	275 487 000.00	66 301 318.20	81 562 214.44	79 890 162.64	48 713 303.84	275 487 000.00	0.00			YES	
	COGTA			1 000 000.00	-	-	-	1 000 000.00	-	451 240.60		549 769.50	1 000 000.00	-			YES	
Tourism Hub	KZN COGTA	9 046 655		6 500 000.00	-	-	-	15 546 655.35	2 624 541.83	4 881 947.82	3 941 056.64	4 188 110.06	15 546 655.35	-			YES	
Development Summit				400 000.00	-	-	-	400 000.00			8 456.36	45 942.00	54 398.36	345 601.64			YES	
Public Works Programme	Dept of Works			1 000 000.00	-	4 207 000.00	-	5 207 000.00	449 341.00	735 468.00	773 806.90	3 245 284.10	5 207 000.00	-			YES	
Airport	KZN COGTA			2 375 937.11	3 370 630.33	9 199 964.49	334 463.48	15 280 995.42	2 875 023.70	1 932 802.19	3 101 449.53	1 134 346.79	8 043 622.21	6 236 973.21			YES	
services Planning				950 000.00				950 000.00	81 284.52	91 284.52	81 284.52	91 284.52	365 136.08	584 861.92			YES	
	DWA			465 285.96	296 337.14	362 310.74	215 704.60	1 339 638.24			491 725.91	847 912.33	1 339 638.24	-			YES	
Training						200 000.00		200 000.00					200 000.00				YES	

and reflected as unspent conditional

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ANNUAL PERFORMANCE REPORT 2012/2013



ANNUAL PERFORMANCE REPORT 2012/13

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1. Introduction

The Performance Management System (PMS) is generally defined as a strategic approach to management which equips leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the municipality in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Management entails the development of priorities aligned to the municipal strategy as well as the development of Key Performance Areas, Key Performance Indicators, targets and measures. This enables proper planning, measuring, monitoring, reviewing and reporting on performance in the organisation. Performance management ensures the harnessing and maximum performance of all available resources within the organisation. Communities are involved in the development of performance measures to ensure that they have insight into and are involved in decision-making regarding the services delivered to them by the municipality.

The implementation of a performance management system framework should allow the municipality to collect, process, organise, analyse, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

Upon the compilation of the municipal annual report, a performance report should be developed and form part of the annual report. This document is therefore intended to report on the performance targets as set for 12/13 financial year. This report is intended to reflect on the performance framework of the municipality and the targets that were set for the 12/13 period.

1.2 The legislative framework

The legislative framework of the PMS includes the Constitution of the country, The white paper on Local government, the Municipal Systems Act, the Municipal Finance Management Act, Municipal Planning and Performance Management Regulations. For the purposes of this document the following pieces of legislation will be considered and briefly outline their provisions.

- Municipal systems Act
- Municipal planning and performance management regulations
- Batho Pele
- White paper on local government

1.2.1 Municipal systems Act

Chapter 6 of the Municipal Systems Act, (Act 32 of 2000) requires that all Municipalities must establish a PMS that is in line with its resources, best suited for its dynamics and that is in line with its priorities, objectives, indicators and targets as contained in the IDP. The municipality is also required by the Act to promote a culture of performance among its political structures, political office bearers and councillors and in its administration; and administer its affairs in an economical, effective, efficient and accountable manner.

It is this same Act which provides that the municipality must establish mechanisms for monitoring and reviewing its performance management system. The law requires a PMS to have the following core components:

- Set appropriate key performance indicators
- Set measurable performance targets
- Develop the monitoring framework
- Performance measurement and review mechanisms
- Establish a process of regular reporting

The Act also requires the council to ensure the community involvement in the development and review of the municipality's PMS.

According to section 46 of the Municipal Systems Act, a municipality must prepare for each financial year an annual report that also consists of a performance report. That performance report must reflect:

1. The municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
2. The development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
3. Measures that were or are to be taken to improve performance;

1.2.2 The Municipal Planning and Performance Management Regulations, 2001.

This piece legislation further instructs each municipality to ensure that its performance management system:

- Complies with the requirements of the Act.

- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting.
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system.
- Determines the frequency of reporting and the lines of accountability for performance.
- Relates to the municipality's employee performance management processes.
- Provides for the procedure by which the system is linked to the municipality's integrated development planning processes.
- Is adopted before or at the same time as the commencement of by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

It is in terms of this regulation that the council's PMS must be adopted by the council at the same time as the identification of the key performance areas by the municipality. This regulation also presents the prescribed general key performance indicators that should be aligned to those identified by the municipality.

1.2.3 The Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, 2006: -

This piece of legislation seeks to set out how the performance of municipal managers will be uniformly directed, monitored and improved. It also addresses both the Employment Contract of a municipal manager and managers directly accountable to municipal managers, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers. According to this piece of legislation the KPAs for Municipal Managers and Managers directly accountable to the Municipal Manager are stipulated in the Regulations, 2006 as follows:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic development (LED)
- Municipal Financial Viability and Management
- Good Governance and Public Participation

1.2.4 The batho pele principles

Batho Pele principles note that the development of a service-oriented culture needs an active and informed participation of the wider community. Municipality must therefore receive a constant feedback from its customers in order to improve their service delivery mechanisms. The PMS is an important tool for ensuring that the council delivers on its mandate hence the communities should also be involved in its development and review.

1.2.5 The white paper on local government

This paper proposed the introduction of the performance management system to local government as a tool to ensure the envisaged developmental local government. As such it states that the IDP, budget and PMS are powerful tools that can assist municipalities to develop an integrated perspective on development in their area. It enables them to focus on priorities within an increasingly complex and diverse set of demands and enables them to direct resource allocations and institutional systems to a new set of development objectives.

2. Municipal Performance Measures




Annexure A demonstrates the Municipal Performance Measures which are the pillars of the Municipal Strategic Plan and Service Delivery and Budget Implementation Plan.

The table further demonstrates the link between National, Provincial as well as Local Government priorities in terms of the Municipal System Act.

3. Annual Performance Report for 2012/2013

Annexure B demonstrates the performance of the Zululand District Municipality for the period ended at 30 June 2013. The following generic symbols are aimed at guiding the reader to understand the template.

Symbols

	-	Lag Indicators including the Audited Financial Statements can only be measured after 31 August 2013. The Auditor General verdict will be available upon completion of the municipal audit.
	-	Performance target has been met or exceeded
	-	Performance target has not been met
KPA Score	-	Sum of achieved scores between 1-5
Possible Score	-	Sum of maximum possible scores. Some KPIs carry a maximum possible score of 3
Total Score	-	KPA Score over Possible Score

Annexure A

National KPA	Focus Areas or CSF	Key Objective	Objective	KPI No	KPI Name
Basic Service Delivery	Water and Sanitation	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To review and facilitate the WSDP	1	Approved WSDP plan
			Provide free basic water	2	Percentage of households with access to basic level of water (HH 142 543)
			Improve access to free water	3	Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)
			Improve water quality	4	Number of water quality tests
			To provide free basic sanitation services	5	Percentage of households with access to basic level of sanitation
			Improve access to free sanitation	6	Percentage of households earning less than R1100 pm with access to free basic sanitation

		To deliver and regulate water services in a structured manner	To ensure that legislated water policies are reviewed and updated	7	Approved policies and bylaws
			Effectively monitor WSP's	8	Number of WSP reports submitted
			Implement effective Customer Care	9	Average time of notification to community prior to planned interruptions
			Effectively utilise MIG allocation	10	% of MIG grant funds spent on approved projects
			Maximise the implementation of IDP identified projects	11	100% capital budget actually spent on IDP projects identified
	Disaster Management	To deal with Disasters efficiently & effectively in the district	Effective coordination of DM plan implementation	12	4 Disaster management forum meetings
			Create awareness of hazards and disasters	13	12 Disaster Management awareness campaigns
			Review and facilitate the district Disaster Management plan	14	Approved Disaster management Plan
	Municipal Airport	To viably establish, operate and maintain a Regional Airport that contributes to the growth and development of the district	Review and facilitate airport services	15	Approved airport plan
			Review and facilitate airport services	16	Implement airport plan
Municipal Financial viability and management	Sound Financial Management	To promote good financial practices	Improve revenue collection	17	Outstanding service debtors recovery rate to revenue
			Improve supply chain application	18	0 Successful appeals
			Process payments in time	19	30 days processing time of invoices

			Complete and submit accurate annual financial statements	20	Review and submit Financial Statements
			Complete and submit accurate annual financial statements within the specified time period	21	Unqualified (u.q) audit opinion
			Budget for ZDM annually	22	Approved final budget
			Have an effective Auditing Function	23	4 audit committee meetings
				24	75% of audit queries addressed from the AG report
			Develop a Financial Plan (i.e. Budget Process and Time Table)	25	Approved financial plan
			Increase the cost coverage ratio	26	Cost Coverage ratio
			Increase the dept coverage ration	27	Debt Coverage Ratio
			Increase the dept coverage ration	28	96% operating budget funded from cash
			Report timely and accurately	29	Approved annual report
			Produce accurate statements	30	% of account adjustments effected
			Keep minimum cash balance to cover average monthly expenditure	31	60 days with excessive funds in current account in relation to strategy
			Align Captial programme and IDP	32	% of captial projects budgeted for in accordance with the IDP
Local Economic Development	District Tourism	To promote Tourism in the District	Co-Ordinated and Integrated Regional Economic Development	33	Approved LED Strategy

			Co-Ordinated and Integrated Regional Economic Development	34	Number of tourism awareness and training workshops held
		To improve the economy of the district, through the creation of job opportunities and additional economic activities	Co-Ordinated and Integrated Regional Economic Development	35	Number of jobs created through LED initiatives and capital projects
			Increase implementation capacity	36	8 approved LED Business plans
			Effectively co-ordinate LED in the District	37	8 LED Forums/Sub-Forums meetings held
			Effectively co-ordinate LED in the District	38	Number of LED projects implemented
	HIV/AIDS	To reduce the impact of HIV/AIDS	Plan and implement institutional measures that would reduce the impact of HIV/AIDS	39	Approved HIV/AIDS Strategy
			Create HIV/AIDS awareness and education	40	12 awareness campaigns held
	Youth & Gender	To develop and empower Youth & Gender	Access sufficient resources to implement Youth and Gender Programmes	41	4 approved Youth & Gender related Business Plans submitted for funding
			Access sufficient resources to implement Youth and Gender Programmes	42	Approved youth and gender strategy
			Enable participation and create awareness of Councils Youth and Gender Programmes	43	4 District Youth & Gender Councils Meetings held
	Community Development	The social upliftment of the communities in ZDM	Reduce poverty by implementing Community Development Projects	44	500 people participating in ZDM Community Capacity Building Programmes

			Reduce poverty by implementing Community Development Projects	45	12 food production site inspection reports
			Enhance mortuary compliance	46	12 mortuary inspections reports
			Implement food production compliance	47	4 Capacity Building related Business Plans submitted
Good Governance		To promote good governance, accountability & transparency	Improve community and stakeholder participation	48	Approved Communication strategy
			Spend grant funding	49	Percentage of allocated grant funds spent
			Improve governance	50	Approved fraud prevention strategy
			Manage performance effectively	51	Number of signed Sec 57 performance agreements
			Maintain Institutional Capacity to render Municipal Services	52	Number of Critical Posts filled in relation to organogram
			Mitigate risks	53	Approved risk management plan
Municipal transformation and institutional development	Integrated & Co-ordinated Development	To promote integrated and co-ordinated development within the District	Encourage participation in IDP process, ensure alignment with local municipalities	54	Number of stakeholder meetings
			Encourage participation in IDP process, ensure alignment with Local municipalities	55	Date of submission of IDP framework plan to council for adoption
			Effective spatial development	56	Date of submission of reviewed spatial development framework to council
				57	Adopted Intergrated Development Plan

			Report timely and accurately	58	Number of SDBIP reports
			Application of Policies & bylaws	59	Approved Employee Assistance Programme
				60	Approved corporate service policies (Records, HR and Fleet)
			Implement and Manage Employment Equity	61	Number of people from employment equity target groups employed in three highest levels of Management
			Maintain Institutional Capacity to render Municipal Services	62	Submit workplace skills plan
				63	95% Municipal Budget spent on Skills Development Plan
				64	Implemented Workplace skills plan

Annexure B

(5)

(6)

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KPI No	KPI Name	Responsible	Baseline	Backlog	2012/13 Annual					Frequency	Actual Progress	Score	Progress Status
					1	2	(Target) 3	4	5				
1	Approved WSDP plan	MM (J.Hde Klerk); HOD: P (Stefan Landman)	28/05/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	●
2	Percentage of households with access to basic level of water (HH 142 543)	HOD: TS (ZweliDladla)	64.51%	35.49%	0.15%	0.49%	0.90%	1.23%	1.69%	Quarterly	1%	3	●
3	Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)	HOD: TS (ZweliDladla)	64.51%	35.49%	1.77%	1.87%	1.97%	2.07%	2.17%	Quarterly	0.36%	1	●
4	Number of water quality tests	HOD: TS (ZweliDladla)	1735	0	1816	1825	1836	1846	1856	Annually	1840	3	●
5	Percentage of households with access to basic level of sanitation	HOD: TS (ZweliDladla)	63.07%	36.93%	4.40%	4.50%	4.60%	4.70%	4.80%	Quarterly	2.26%	1	●
6	Percentage of households earning less than R1100 pm with access to free basic sanitation	HOD: TS (ZweliDladla)	63.07%	36.93%	4.40%	4.50%	4.60%	4.70%	4.80%	Quarterly	2.26%	1	●

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7	Approved policies and bylaws	MM (J.Hde Klerk); HOD: P (StefanLandman)	28/05/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	15/03/2013	5	
8	Number of WSP reports submitted	HOD: P (StefanLandman)	24	0	6	7	8	9	10	Annually	12	5	
9	Average time of notification to community prior to planned interruptions	HOD: TS (ZweliDladla)	41	0	12hrs	24hrs	48hrs	60hrs	72hrs	Quarterly	48	3	
10	% of MIG grant funds spent on approved projects	MM (J.Hde Klerk); HOD: TS (ZweliDladla)	100%	0	96% by 30 June 2013	98 by 30 June 2013	100 by 30 June 2013	100% by 15 June 2013	100% by 01 Jun 2013	Annually	100%	5	
11	100% capital budget actually spent on IDP projects identified	MM (J.Hde Klerk); HOD: P (StefanLandman); HOD: CD (ZaneleCele); HOD: TS (ZweliDladla)	100%	0	80% by 30 Jun 2013	90% by 30 Jun 2013	100% by 30 Jun 2013	100% by 15 Jun 2013	100% by 01 Jun 2013	Annually	100%	5	
12	4 Disaster management forum meetings	HOD: CS (M. N.Shandu)	0	0	2 by 31/07/2013	3 by 01/07/2013	4 by 20/06/2013	4 by 15/06/2013	4 by 01/06/2013	Annually	4 by 22/05/2013	5	
13	12 Disaster Management awareness campaigns	HOD: CS (M. N.Shandu)	57 Campaigns	0	6 by 31 Jul 2013	9 by 15 Jul 2013	12 by 20 Jun 2013	12 by 15 Jun 2013	12 by 1 Jun 2013	Annually	12 by 29 May 2013	5	
14	Approved Disaster management Plan	HOD: CS (M. N.Shandu); MM (J.Hde Klerk)	31/05/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	28/05/2013	5	
15	Approved airport plan	HOD: CS (M. N.Shandu)	0		31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	28/03/2013	5	

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16	Implement airport plan	HOD: CS (M. N.Shandu)	120%	0	80% by 30 June 2013	90% by 30 Jun 2013	100% by 30 Jun 2013			Quartely	100% by 28/06/2013	5	
17	Outstanding service debtors recovery rate to revenue	CFO (S. B.Nkosi)	0.9	0	0.48	0.32	0.25	0.23	0.2	Quartely	0	5	●
18	0 Successful appeals	CFO (S. B.Nkosi)	0	0	3	1	0			Quartely	0	5	●
19	30 days processing time of invoices	CFO (S. B.Nkosi)	1	0	60	45	30	15	7	Quartely	14	4	●
20	Review and submit Financial Statements	CFO (S. B.Nkosi); MM (J.Hde Klerk)	2011/08/31	0	30/09/2012	15/09/2012	31/08/2012	15/08/2012	01/08/2012	Annually	31/08/2012	3	●
21	Unqualified (u.q) audit opinion	CFO (S. B.Nkosi);MM (J.Hde Klerk)	unqualified	0	Disclaimer	Qualified	unqualified	n/a	n/a	Annually	unqualified	3	●
22	Approved final budget	CFO (S. B.Nkosi); MM (J.Hde Klerk)	31/05/2012	0	15/06/2013	2013/01/06	30/05/2013	15/05/2013	01/05/2013	Annually	29/05/2013	5	●
23	4 audit committee meetings	CFO (S. B.Nkosi)	4	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Quartely	06/05/2013	5	●
24	75% of audit queries addressed from the AG report	CFO (S. B.Nkosi)	100%	0	55%	65%	75%	90%	100%	Quartely	100%	5	●
25	Approved financial plan	CFO (S. B.Nkosi); MM (J.Hde Klerk)	29/05/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	●
26	Cost Coverage ratio	CFO (S. B.Nkosi)	25.24	0	1	2	3	4	5	Quartely	7	5	●
27	Debt Coverage Ratio	CFO (S. B.Nkosi)	10	0	1	2	3	4	5	Quartely	5	5	●
28	96% operating budget funded from cash	CFO (S. B.Nkosi); MM (J.Hde Klerk)	100%	0	92%	94%	96%	98%	100%	Quartely	100%	5	●

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29	Approved annual report	CFO (S. B.Nkosi); MM (J.Hde Klerk)	29/03/2012	0	30/04/2013	15/04/2013	31/03/2013	15/03/2013	01/03/2013	Annually	31/01/2013	5	•
30	% of account adjustments effected	CFO (S. B.Nkosi)	0.20%	0	1%	2%	3%	4%	5%	Quarterly	3%	3	•
31	60 days with excessive funds in current account in relation to strategy	CFO (S. B.Nkosi)	60	0	100	80	60	40	20	Quarterly	15	5	•
32	% of capital projects budgeted for in accordance with the IDP	CFO (S. B.Nkosi)	100%	0	90% by 30 June 2013	90% by 30 June 2013	95% by 30 June 2013	98% by 30 June 2013	100% by 30 June 2013	Quarterly	100%	5	•
33	Approved LED Strategy	HOD: CD (ZaneleCele)	01/06/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	•
34	Number of tourism awareness and training workshops held	HOD: CD (ZaneleCele)	19	0	4 by 30 June 2013	6 by 30 June 2013	8 by 30 June 2013	8 by 15 June 2013	8 by 01 June 2013	Quarterly	7 by 30 June 2013	3	•
35	Number of jobs created through LED initiatives and capital projects	HOD: CD (ZaneleCele); MM (J.Hde Klerk)	419	0	100	150	200	250	300	Quarterly	300	5	•
36	8 approved LED Business plans	HOD: CD (ZaneleCele)	11	0	4 by 30 June 2013	6 by 30 June 2013	8 by 30 June 2013	8 by 15 June 2013	8 by 01 June 2013	Quarterly	8 by 30 June 2013	3	•
37	8 LED Forums/Sub-Forums meetings held	HOD: CD (ZaneleCele)	8	0	4 by 30 June 2013	6 by 30 June 2013	8 by 30 June 2013	8 by 15 June 2013	8 by 01 June 2013	Quarterly	2 by 30 June 2013	3	•
38	Number of LED projects implemented	HOD: CD (ZaneleCele)	0	0		3 by 30 June 2013	4 by 30 June 2013	4 by 15 June 2013	4 by 01 June 2013	Quarterly	8 by 30 June 2013	5	•

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39	Approved HIV/AIDS Strategy	HOD: CD (ZaneleCele)	30/06/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually		5	
40	12 awareness campaigns held	HOD: CD (ZaneleCele)	11	0	8 by 30 June 2013	10 by 30 June 2013	12 by 30 June 2013	12 by 15 June 2013	12 by 01 June 2013	Quarterly	21 by 30 June 2013	3	
41	4 approved Youth & Gender related Business Plans submitted for funding	HOD: CD (ZaneleCele)	6	0		3 by 30 June 2013	4 by 30 June 2013	4 by 15 June 2013	4 by 01 June 2013	Quarterly	0	1	
42	Approved youth and gender strategy	HOD: CD (ZaneleCele)	30/06/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually		1	
43	4 District Youth & Gender Councils Meetings held	HOD: CD (ZaneleCele)	1			3 by 30 June 2013	4 by 30 June 2013	4 by 15 June 2013	4 by 01 June 2013	Quarterly	13 by 30 June 2013	5	
44	500 people participating in ZDM Community Capacity Building Programmes	HOD: CD (ZaneleCele); MM (J.Hde Klerk)	510	0	480	490	500	510	520	Quarterly	1783	5	
45	12 food production site Inspection reports	HOD: CD (ZaneleCele)	0	0	8 by 30 June 2013	10 by 30 June 2013	12 by 30 June 2013	12 by 15 June 2013	12 by 01 June 2013	Quarterly	37 by 30 June 2013	5	
46	12 mortuary inspections reports	HOD: CD (ZaneleCele)	0	0	8 by 30 June 2013	10 by 30 June 2013	12 by 30 June 2013	12 by 15 June 2013	12 by 01 June 2013	Quarterly	12 by 30 June 2013	3	
47	4 Capacity Building related Business Plans submitted	HOD: CD (ZaneleCele)	0	0	1 by 30 June 2013	3 by 30 June 2013	4 by 30 June 2013	4 by 15 June 2013	4 by 01 June 2013	Quarterly	3 by 30 June 2013	2	

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48	Approved Communication strategy	MM (J.Hde Klerk)	0	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	
49	Percentage of allocated grant funds spent	HOD: P (StefanLandman); CFO (S. B.Nkosi)	100%	0	85% by 31 July 2013	90% by 15 July 2013	100% by 30 Jun 2013	100% by 15 June 2013	100% by 01 June 2013	Quarterly	100%	5	•
50	Approved fraud prevention strategy	CFO (S. B.Nkosi)	0	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually		5	
51	Number of signed Sec 57 performance agreements	MM (J.Hde Klerk)	6	0	33% by 31 Aug 2012	66% by 31 Aug 2012	100% by 30 Aug 2012	100% by 15 Aug 2012	100% by 01 Aug 2012	Annually	100%	5	••
52	Number of Critical Posts filled in relation to organogram	MM (J.Hde Klerk)	100%	0	80% by 31 Jul 2013	90% by 15 Jul 2013	100% by 30 June 2013			Annually	100%	5	
53	Approved risk management plan	CFO (S. B.Nkosi)	0	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually		5	
54	Number of stakeholder meetings	HOD: P (StefanLandman); MM (J.Hde Klerk)	25	0	8	10	12	13	14	Quarterly	15	5	•
55	Date of submission of IDP framework plan to council for adoption	HOD: P (StefanLandman)	30/09/2011	0	30/10/2012	15/10/2012	30/09/2012	15/09/2012	01/09/2012	Annually	09/05/2012	4	
56	Date of submission of reviewed spatial development framework to council	HOD: P (StefanLandman); MM (J.Hde Klerk)	0	0	30/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	
57	Adopted Intergrated Development Plan	HOD: P (StefanLandman); MM (J.Hde Klerk)	31/05/2012	0	30/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	29/05/2013	5	••
58	Number of SDBIP reports	MM (J.Hde Klerk)	4	0	2	3	4			Quarterly	4	5	•

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59	Approved Employee Assistance Programme	HOD: CS (M. N.Shandu)	19/04/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Quarterly	28/05/2013	5	
60	Approved corporate service policies (Records, HR and Fleet)	HOD: CS (M. N.Shandu)	19/04/2012	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	28/05/2013	5	
61	Number of people from employment equity target groups employed in three highest levels of Management	MM (J.Hde Klerk)	3	0	100% by 1 Jul 2013	100% by 15 July 2013	100% by 30 June 2013	100% by 15 June 2013	100% by 01 June 2013	Quarterly	100	5	
62	Submit workplace skills plan	HOD: CS (M. N.Shandu)	0	0	31/07/2013	15/07/2013	30/06/2013	15/06/2013	01/06/2013	Annually	15/06/2013	5	
63	95% Municipal Budget spent on Skills Development Plan	HOD: CS (M. N.Shandu)	100%	0	85% by 1 Jul 2013	90% by 15 Jul 2013	95% by 30 June 2013	98% by 30 June 2013	100% by 30 June 2013	Quarterly	100%	5	
64	Implemented Workplace skills plan	HOD: CS (M. N.Shandu)	0	0	90% by 1 July 2013	95% by 15 July 2013	100% by 30 June 2013	100% by 15 June 2013	100% by 01 June 2013	Quarterly	100%	5	

KPA Score	273
Possible Score	318
Total Score%	86%