



**KWADUKUZA**

M U N I C I P A L I T Y

"COMMITTED TO SERVICE DELIVERY"



ANNUAL REPORT

2013 / 2014

# Mission & Vision

"By 2030, KwaDukuza shall be a vibrant city competing in the global village economically, socially, politically and in a sustainable manner."

**The mission of the KwaDukuza Municipality is to achieve highest economic status through:**

- Driving local economic development;
- Delivering a high standard of essential services;
- Encouraging public participation
- Overcoming debt and achieving cost recovery on services provided.

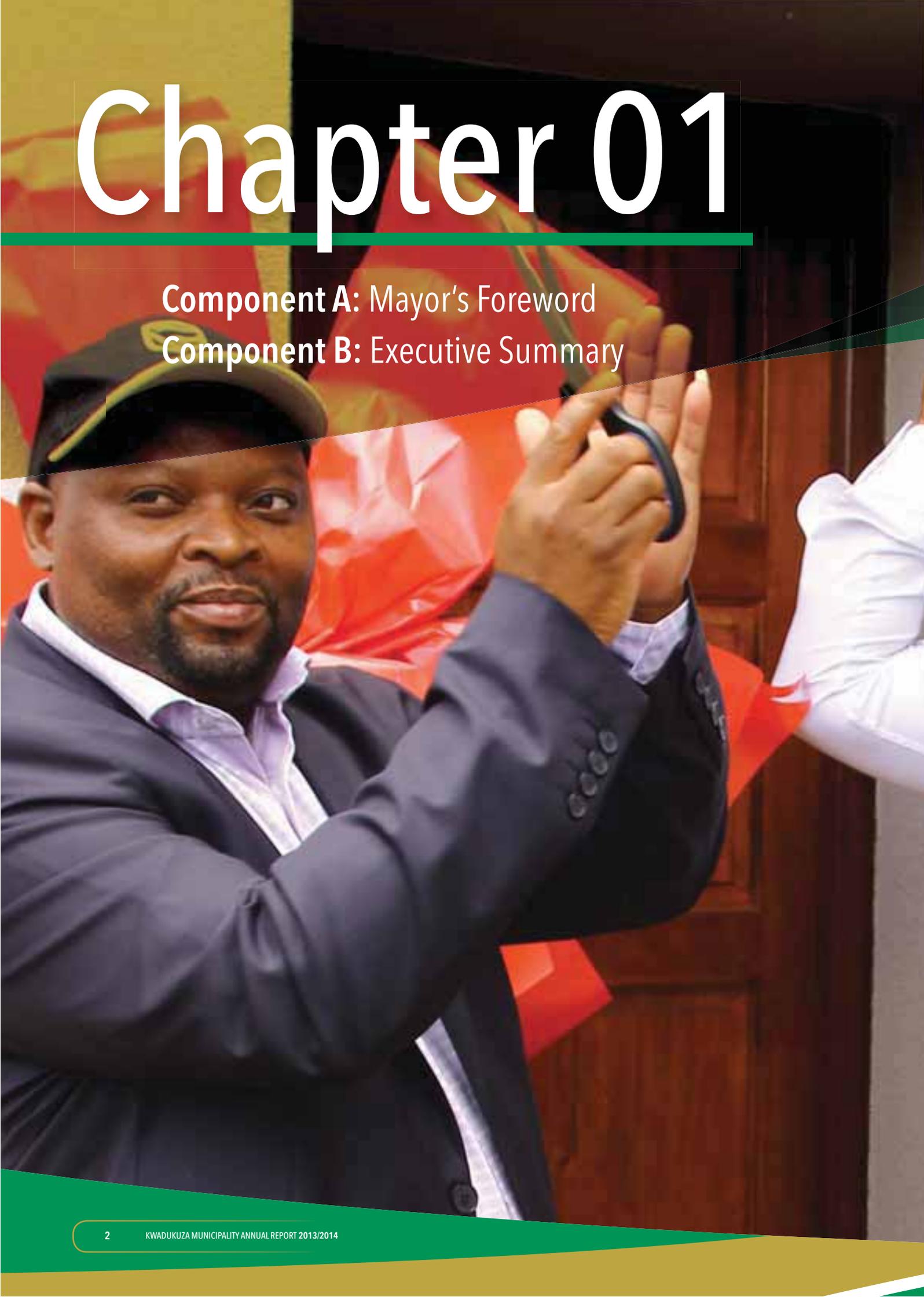


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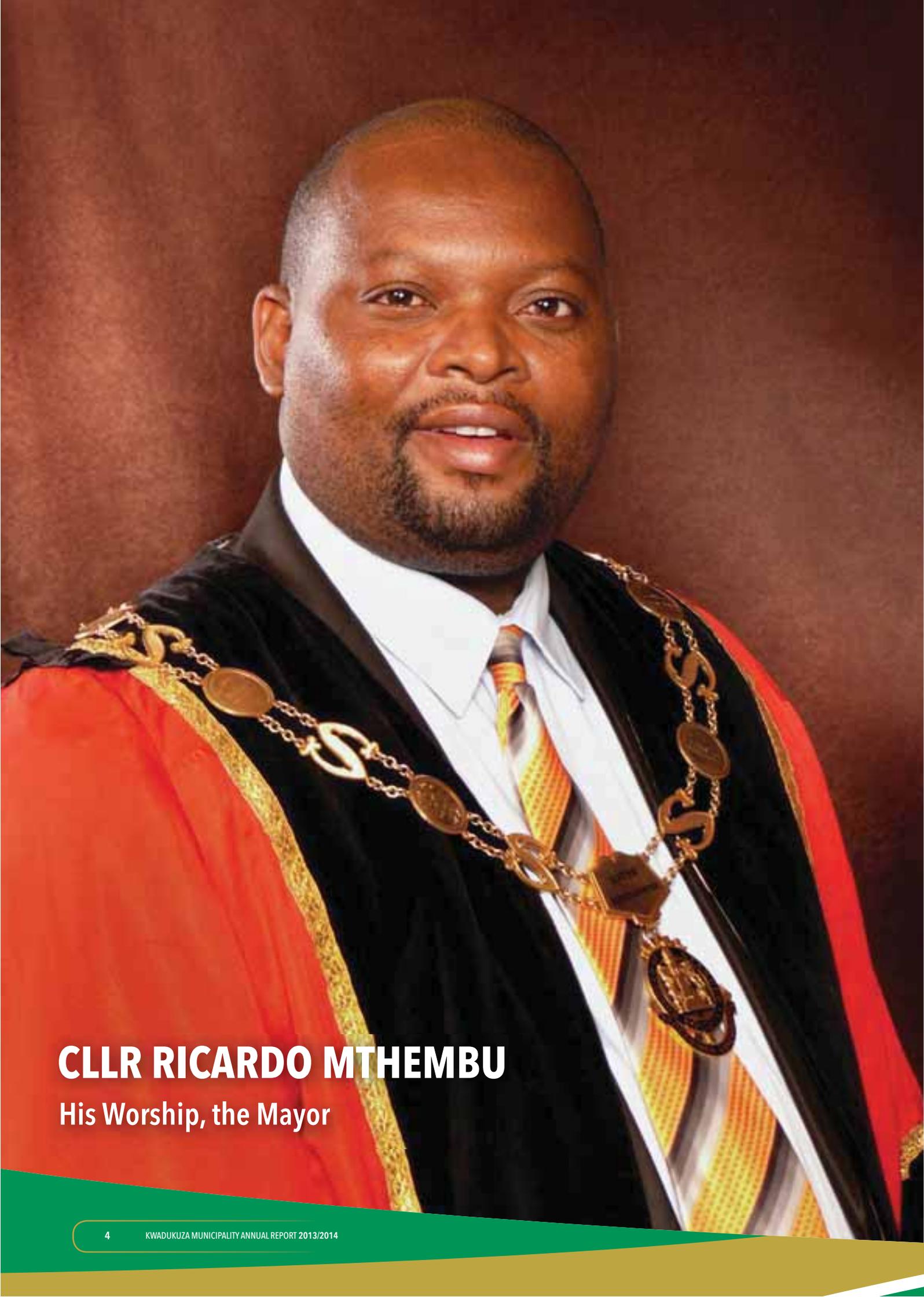
# Chapter 01

A man wearing a dark suit jacket, a light-colored shirt, and a dark cap with a yellow logo is cutting a red ribbon with black-handled scissors. He is looking towards the camera with a slight smile. The background is slightly blurred, showing a wooden door and another person's arm in a white shirt.

**Component A: Mayor's Foreword**

**Component B: Executive Summary**





# CLLR RICARDO MTHEMBU

His Worship, the Mayor

# MAYOR'S FOREWORD

'The year 2015 is a good and historic year. It's an important milestone in the history of our country as it gives birth to the third decade of our democratic regime; we hope that this remarkable year would unleash opportunities for everyone to prosper.'

In 2014, we celebrated the South African story, a good story that we have been able to tell since 1994, bearing achievements of the past 20 years. For reasons best known to many, I may not pronounce further on the good story that this government has been able to tell since 1994.

The successful transition from the dark days of oppression through our democratically elected government has steadily paved the way for our subjects to receive equal opportunities. Nonetheless, the plight of unemployment, poverty and inequality continues to plaque most communities.

In 2014, Council marked its mid-term in office which also coincided with the General Elections. The massive involvement and participation of South Africans during that critical time was humbling.

As we usher in the third decade, the task of advancing the country's twenty year record of service remains one of our key responsibilities.

We commit to continue to play a pivotal role in strengthening the economy, ensuring that radical interventions are implemented despite challenges.

We are working in harmony with the government in the Province of KwaZulu Natal. Our common purpose of serving has been ensuring that we create conditions for descent living by getting the basics right. We are also working to ensure that slums become a thing of the past. Even today we continue to play a pivotal role in the delivery of decent human settlements and in the provision of adequate services.

When we do these things, we do them to the satisfaction of our people because we know that they are the ones who deserve greater things and belong to a future that is great, contrary to the dark days of denialism of their rights due to the laws of apartheid.

The path towards economic freedom is now set before us. We are doing what is necessary to ensure that we create an inclusive economy.

We have also been in agreement with the President's call to advance government's economic agenda by adopting radical approaches to create an inclusive economy in dealing with poverty and reducing unemployment. This call is certainly finding expression here.

As we wrap up the year and move towards the third decade of democracy, we note the current challenges and mindful of our gains since 1994. We now draw our eyes with enthusiasm towards an even better future ahead and accept our responsibilities with our fullest commitments.

I wish you all a dignified and prosperous 2015.



NR. Mthembu

**His Worship, the Mayor of KwaDukuza Municipality**

# 1.1 MUNICIPAL VISION & MISSION

*“By 2030, KwaDukuza shall be a vibrant city competing in the global village economically, socially, politically and in a sustainable manner”.*

In order to achieve our vision and to address the development challenges, there are a number of key strategic planning concepts which need to be taken into consideration. These will act as a point of leverage for creating a viable municipality and shown in the diagram below:



The mission of the KwaDukuza Municipality is to achieve highest economic status through:

- Driving local economic development;
- Delivering a high standard of essential services;
- Encouraging public participation;
- Overcoming debt and achieving cost recovery on services provided.

○ Ethical behavior	○ Flexibility and cooperativeness
○ Respect	○ Compliance with all set regulations
○ Honesty and Integrity	○ Loyalty
○ Accountability to each other and the public	○ Unity
○ Team work	○ Efficiency
○ Initiative and Innovation	○ Professionalism
○ Fiscal responsibility	○ Cost effectiveness
○ Excellent customer service	○ Discipline
○ Hard work and timeliness	○ Diligence
○ Care & protection of resources	○ Openness and Transparency
	○ Non discriminatory

## 1.2 KEY DEVELOPMENT OBJECTIVES

Below is the table showing KwaDukuza's Strategic Plan Aligned to National KPAs, KZN Provincial Development Growth Strategy, iLembe Strategic Objectives as well as National Outcomes:

National Key Performance Areas	Provincial Development Growth Strategy	KDMs Development Objectives	Strategic Interventions	National Outcomes
Spatial and Environmental Management	Spatial Equity	<p>To provide strategic guidance for the future, physical/spatial development of KwaDukuza Municipal area.</p> <p>To contribute to a safe and secure environment.</p>	<p>Provide positive environment for Industrial Development.</p> <p>Renewal and Regeneration of KwaDukuza main town and Shakaskraal.</p> <p>Development of priority clusters: KwaDukuza node, Groutville, Woodmead/Shayamoya and Southern node/ Driefontein</p>	Outcome4: Decent employment through inclusive economic growth
Good Governance and Democracy	Governance and policy	<p>To implement public participation programmes.</p> <p>To provide effective and efficient Internal Audit services for Council.</p> <p>To manage institutional risks.</p> <p>To promote inter-governmental relations.</p> <p>To promote intergovernmental relations.</p> <p>To contribute to a safe and secure environment</p>	<p>Provide effective and efficient corporate services to council and other directorates.</p> <p>Provide an effective and efficient ICT infrastructure.</p> <p>Improves and develop roads and storm &amp; water infrastructure</p> <p>To maintain and upgrade the existing roads infrastructure in all areas.</p>	Outcome 9: A responsive and accountable, effective and efficient local government system
	Governance and policy	<p>Integrated Development Planning.</p> <p>To enhance organisational development in line with community needs.</p>	<p>Co-ordination of Sector Departments' programmes</p> <p>Co-ordination and development of sector plans</p> <p>Overall integrated development planning</p>	Outcome 9: Accountable , effective and efficient local government system
Financial Viability and Management	Governance and policy	<p>To ensure that the revenue of the municipality is collected and accounted for</p> <p>To improve expenditure on Capital budget.</p> <p>To improve expenditure on Capital budget.</p> <p>Logistics and Supply Chain Management.</p> <p>To ensure compliance with financial management and legislative requirements.</p> <p>To ensure compliance with financial management and legislative requirements.</p> <p>To ensure compliance with financial management and legislative requirements.</p>		

Below is the table showing KwaDukuza's Strategic Plan Aligned to National KPAs, KZN Provincial Development Growth Strategy, iLembe Strategic Objectives as well as National Outcomes: ...continued

National Key Performance Areas	Provincial Development Growth Strategy	KDMs Development Objectives	Strategic Interventions	National Outcomes
Spatial and environmental Management	Response to climate change	Environmental and climate change	<p>Ensure adherence to the principles of National Environmental Management Act, (107 of 1998)</p> <p>Proper application of KwaDukuza environmental policy and strategic environmental assessment</p> <p>Coastal management act &amp; coastal management plan</p>	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced.
Infrastructure and Basic Service Delivery	Strategic infrastructure	<p>To facilitate provision of formal housing.</p> <p>To ensure that all citizens have an electricity service connection.</p> <p>To provide an acceptable level of lighting to all major roads, public open spaces and sports fields.</p> <p>To maintain and upgrade the existing road infrastructure.</p> <p>To maintain and upgrade existing storm water infrastructure.</p> <p>To ensure that customers get good value for money.</p> <p>To contribute to a safe and secure environment.</p>	<p>Ensuring that all citizens have an electricity service connection</p> <p>To ensure equal access to service</p>	Outcome 8: Sustainable human settlements and improved quality of household life.
Social Economic Development and Planning	Human and community development	Provision of Municipal Service	<p>Fire and emergency</p> <p>Beach restoration projects and proper waste management plans</p> <p>Traffic management strategy and crime prevention plans</p> <p>Health and wellness programmes and intensification of KwaDukuza HIV and AIDS strategy</p>	Outcome 13: Inclusive and responsive social system.

Below is the table showing KwaDukuza's Strategic Plan Aligned to National KPAs, KZN Provincial Development Growth Strategy, iLembe Strategic Objectives as well as National Outcomes: ...continued

National Key Performance Areas	Provincial Development Growth Strategy	KDMs Development Objectives	Strategic Interventions	National Outcomes
		Sport and Youth Development	<p>Promote youth, gender and disability advocacy and the advancement of women</p> <p>Development of projects and programmes geared towards assisting young people</p> <p>Youth, arts, and culture development initiatives</p> <p>Encouraging young and old KwaDukuza residents to meaningfully participate in sports activities</p>	Outcome 14: Transforming and unifying the country.
Institutional Development and Transformation	Human resource development	<p>To implement HR strategy.</p> <p>To develop and implement priority skills programme.</p> <p>To enhance institutional productivity through developing a renewed cadre of Local Public Service.</p> <p>To enhance organizational development in line with community needs.</p>		
Social Economic Development and Planning	Job creation	<p>To stimulate economic growth.</p> <p>To ensure that the revenue of the municipality is collected and accounted for.</p>	<p>LED projects and programmes Roll out and intensify Agricultural Projects as well as support in communities</p> <p>Promotes and establish programmes for SMMEs and Entrepreneurial support</p> <p>Enhance the knowledge Economy</p> <p>Tourism and heritage development and community and knowledge centres.</p>	Outcome 13: Inclusive and responsive social system.

**Table 2:** KwaDukuza's 5 year Strategic Objectives Aligned to the National Outcomes

# 1.3 POLITICAL GUIDANCE ON FISCAL AND NON-FISCAL MATTERS

The challenges experienced in the previous financial year, especially with our capital expenditure have been given a remedy through the restructuring of the Technical Services Department into two separate departments, namely; Electrical and Civil Departments. This restructuring has assisted in streamlining our capital projects and to ensure that the issue of under spending and backlog of infrastructure projects is addressed. We have experienced some improvement in our Capital expenditure and the projects that are on the ground for the 2013/2014 financial year.

# 1.4 STRATEGIC ALIGNMENTS TO PGDS

KwaZulu Natal Provincial Growth and Development Strategy, as a strategic framework assists in achieving alignment and laying the basis for sustainable development, ensuring that plans are economically productive and efficient, meet social needs and address equity issues. Its key focus areas are:

- Spatial Equity
- Governance and policy
- Response to climate change
- Strategic infrastructure
- Human and community development
- Human resource development
- Job Creation

KZN Provincial Strategic Goals	KDM's Intervention
Job Creation	LED projects and programmes Roll out and intensify Agricultural Projects as well as support in communities Promotes and establish programmes for SMMEs and Entrepreneurial support Enhance the knowledge Economy Tourism and heritage development and community and knowledge centres.
Human Resource Development	To implement HR strategy. To develop and implement priority skills programme. To enhance institutional productivity through developing a renewed cadre of Local Public Service. To enhance organizational development in line with community needs.
Human and Community Development	Fire and emergency Beach restoration projects and proper waste management plans Traffic management strategy and crime prevention plans Health and wellness programmes and intensification of KwaDukuza HIV and AIDS strategy Promote youth, gender and disability advocacy and the advancement of women Development of projects and programmes geared towards assisting young people Youth, arts, and culture development initiatives Encouraging young and old KwaDukuza residents to meaningfully participate in sports activities
Strategic Infrastructure	Ensuring that all citizens have an electricity service connection To ensure equal access to service
Response to Climate Change	KwaDukuza adopted Climate Change Response Strategy in July 2013. The strategy incorporates Climate Change Adaptation which could be defined as making sure that existing development, activities and services are able to cope with the environment that will result as the climate changes. KwaDukuza Municipality is building upon the CCRS for Mitigation Strategies and it has partnered with ICLEI Africa (2012 – 2015) as part of the global initiative of Promoting Urban Low Emissions Development Strategies (Urban LEDS) in emerging economy countries and integrates this into municipal planning and delivery. Completion of KwaDukuza's first ever Green House Gas and energy profile- results. The Development Review and Climate Change Committee has been established as driver and the platform for climate change internally.

KZN Provincial Strategic Goals	KDM's Intervention
Governance and Policy	Provide effective and efficient corporate services to council and other directorates. Provide an effective and efficient ICT infrastructure. Improve and develop roads and storm & water infrastructure To maintain and upgrade the existing roads infrastructure in all areas. Co-ordination of Sector Departments ' programmes Co-ordination and development of sector plans Overall integrated development planning
Spatial Equity	Provide positive environment for Industrial Development. Renewal and Regeneration of KwaDukuza main town and Shakaskraal. Development of priority clusters: KwaDukuza node, Groutville, Woodmead/ Shayamoya and Southern node/ Driefontein Ensure adherence to the principles of National Environmental Management Act, (107 of 1998) Proper application of KwaDukuza environmental policy and strategic environmental assessment Coastal management act & coastal management plan

**Table 3:** Alignment to PGDS

## 1.5 SERVICE DELIVERY IMPROVEMENTS

### ROADS AND STORM WATER:

Council recommended and approved to re-structure the Technical Department and approval was granted with effect from the 01st July 2013 that the Civil Department will operate as a stand-alone Department. It was also recommended to approve 7 clusters in order to take service delivery to the people and as a result, a new organogram was approved with proposed new additional staff to operate within the 7 clusters with regards to;

- o Road maintenance
- o Gravel road maintenance
- o Construction of new roads
- o Storm water maintenance
- o Construction of new storm water reticulation
- o Construction of new roads and gravel roads with newly purchased yellow machines

We also have finally started with the P445 entrance road to Ballito which will be completed by October 2014, where the Municipality and Government spent more than R 62 million towards the upgrade from two lanes to six lanes.

The roads Master Plan Phase 2 were completed and Council approved Phase 3 in June 2014. The critical areas identified in the Master Plan were almost completed and maintenance work took place on the 449 km roads, 100km gravel roads and 125km storm water reticulation

during the year. Additional 20km of roads were inherited from Ward 27 which includes Ndwedwe Municipality.

The upgrading to gravel roads which include construction, gravelling shaping and cutting of existing roads and preparation for tarring subjects to availability of MIG Roads. Over a five year estimate it was indicated that as much as R 825 million will be required to address the roads in the current configuration of KwaDukuza Municipal Boundaries.

## 1.6 PUBLIC PARTICIPATION

The Government of the Republic of South Africa has committed itself at instituting wide ranging participatory processes in the different spheres and institutions of governance in the country. The attempt to introduce participatory and direct democracy is evident, in addition to institutions and processes at national and provincial levels, in the planning processes and policy formulation of local government structures. Municipal authorities, for example, are legally committed to involve community organisations in the formulations of budgets, planning and developmental priorities.

The Constitution of South Africa (Act no. 108 of 1996) mandates local government to provide a democratic and accountable local government and encourage the involvement of communities and community organisations in the matters of local government. Measures were introduced to entrench community participation and also introduced to transform the local government functions emphasising on development rather than regulations as was under the previous dispensation. As a result developmental Local Government is defined as "local government committed to working with citizen and groups within the community to find sustainable ways to meet social, economic, and material needs and improve the quality of their lives" (RSA. 1998, section B).

## PARTICIPATION IN THE IDP PROCESS

A municipality is required to disseminate information on processes and procedures that will allow the community to express itself on any matter of concern that affects it. Transforming this general requirement to the integrated development planning process means that a municipality has to follow at least the following procedures:

- a) Residents to be informed on the integrated development planning process as a whole including, on crucial public events related to that process through:
  - > public announcements (appropriate media to be determined in the “work plan”);
  - > Ward committees including stakeholder associations and any other recognised community organisations.
- b) Councillors have to inform the communities within the area of the ward, through a public constituency meeting/imbizo.
- c) The Representative IDP Forum has to be involved at least once in each major stage of the drafting process.
- d) The community and stakeholder representatives have to be given adequate time (2-4 weeks) to conduct meetings or workshops with the groups, communities or organisations they represent, before the issue is dealt with by the Representative IDP Forum. This is to give a fair opportunity for legitimate representative participation, but does not necessarily have to involve the municipality in community or stakeholder level workshops.
- e) Draft planning documents have to be accessible to every resident, and everybody has the right to submit written comments. There must be a time period of at least four weeks for ward committees, stakeholder associations, interest groups and residents to discuss the draft document publicly, and to comment on it before the Representative IDP Forum deals with the draft.
- f) The IDP committee has to inform the ward committees and stakeholder associations on the manner comments were considered, or on reasons why they were not considered by the Representative IDP Forum, before the draft is submitted to the council for approval.

- g) Council meetings on the approval of integrated development planning must be public meetings.

The municipality has community participation programmes such as:

- > Mayoral Izimbizo-these take place in the third quarter of each financial year.
- > IDP/ Budget Roadshows – these take place in the third quarter of each financial year.

The municipality goes to the people in trying to assess their needs. All communities are targeted and issues raised at the above participation processes are cascaded through the necessary Council structures, Departments and to Provincial Sectoral Departments.

## 1.7 AGREEMENTS & PARTNERSHIPS

The KwaDukuza Municipality has established partnership with ICLEI Africa as part of the global local municipalities who are parts of the Urban LEDS project. The municipality joined ICLEI Africa as a full member for a period of 3 years commencing in August 2013. There are strong partnerships with the DAEA with regards to Education and Capacity Building and processing of local. MM signed an implementation protocol agreement with DAEA to designate municipal officials as Environmental Management Inspectors (Green Scorpions) for monitoring, compliance and enforcement.

## 1.8 CONCLUSION

We will continue to stretch our resources in our quest to bring services to the citizens of KwaDukuza. May 2015 be the year for even greater achievements! Let us all work together to create a vibrant and economically sustainable city.

# EXECUTIVE SUMMARY

## KWADUKUZA AS PART OF ILEMBE FAMILY OF MUNICIPALITIES

The KwaDukuza Municipality falls under the Ilembe District Municipality jurisdiction and is approximately 633km<sup>2</sup> in extent between the Tongati and Tugela Rivers in Northern KwaZulu Natal. The boundary extends from the Tugela River and the Mandeni Municipality in the north, through to the eThekweni Metropolitan Municipality and the Tongati River in the south, and from the Maphumulo and Ndwedwe Local Municipality boundaries in the west to the coastline in the east.

The area includes a 50km stretch of coastline incorporating a range of sensitive coastal environments, river mouths and lagoons as well as significant urban developments in the southern sections.

Urbanized areas in the District comprise of KwaDukuza/ Stanger, Shakaskraal, Blythedale and Ballito. Land uses within these areas are typically urban mixed uses with high levels of infrastructural and service development and an adequate provision of social facilities and services to support the resident populations. Industrial development is concentrated in KwaDukuza and Darnall, most notably the Gledhow and Darnall Sugar Milling operations at Stanger.

The main economic nodes consist of KwaDukuza Town and the growing urban development around the Ballito area abutting onto eThekweni. The Provincial pattern of economic development clearly highlights the significance of two key linear patterns of growth, in an east west direction along the N3, and in a north-south direction along the N2 highway.

There are 45 Traditional Authority areas where settlement is controlled by Traditional Authorities according to a traditional system of land allocation by the iNkosi to the families of his tribe. These Traditional Areas cover approximately 63% of the total area where the State and the Ingonyama Trust own the majority of the land within Municipality of Maphumulo, the lower reaches of Ndwedwe (69%) and coastal and inland reaches of Mandeni (49%). KwaDukuza Municipality comprises of 27 wards.

The municipality is strategically located between Africa's two great ports which are Durban and Richards Bay and boasts of its excellent transport infrastructure. It has a potential to capitalize on targeted spill over from initiatives planned for eThekweni namely the Dube Trade Port, its pristine beaches and relatively un-spoilt natural environment. Beyond the areas of urban development the bulk of the KwaDukuza, particularly the relatively flat coastal strip, forms commercial farming hub and is used mainly for agricultural activities such as sugar cane farming. Sugar cane farms are privately owned.

## KWADUKUZA DEVELOPMENT CHALLENGES:

Considering the current economic changes, significant strides are continuously made to address the key development challenges in the

municipality. There is however, some distance towards addressing the following challenges:

### ◦ Infrastructure dilapidation

Dilapidation has become a critical social problem within the municipality which is as a result of a number of causes namely, poor maintenance and vandalism of infrastructure, limited funding to fast track reduction of backlogs etc. It is therefore critical that the municipality works towards ensuring life cycle management of infrastructure, thus ensuring value for money.

### ◦ Safety and Security

The municipality is affected by various forms of crime ranging from rape, robbery, burglary and assault as well as access to certain crime scenes due to bad conditions of roads and lights. Therefore strategies aimed at stopping crime before it happens, are required. The response would require an integrated, multifaceted approach that includes all stakeholders in all areas of crime prevention.

### ◦ Unemployment

High level of unemployment leads to an increased number of communities living in abject poverty. The municipality faces challenges with regard to marketable and skilled work force, thereby creating a gap in productivity which in turn has a negative impact on the economic growth path. A strategic approach by the municipality should be encouraged to ensure that more job opportunities are made available and economic development programmes are enhanced.

### ◦ Public Transport Facilities

In some areas, taxi ranks are still operated informally on streets or from vacant off-street areas. Many of these facilities lack basic infrastructure such as toilets, shelters, paving or informal trading

### ◦ Low levels of skills development and literacy

There is an urgent need to improve and transfer scarce skills to the communities of KwaDukuza. However the municipality has a responsibility to continuously facilitate the improvement of literacy levels of the communities to ensure an adequate skills base to foster enterprise growth and job creation. This will assist the communities to go into the market.

### ◦ Lack of electricity supply

Slow upgrade of electricity supply does not meet the demand and development of both social and business operations. Illegal electricity connections and limited number of vending stations in existing residential areas leads to huge losses of financial revenue for the municipality.

# 1.2 MUNICIPAL MANAGER'S FOREWORD



**Nhlanhla Mdakane**  
Municipal Manager

*“An achievement of such great stature by the South African Local Government Association bears testimony to our commitments and unwavering dedication to our work.”*

The Annual Report for the financial year 2013/2014 records the achievements of the municipal objectives, the challenges faced and the corrective measures to be taken going forward. The Integrated Development Plan (IDP), the approved Budget and Service Delivery Implementation Plan (SDBIP) provide the basis for all service delivery projects implemented during the year. This report has been prepared in compliance with the provision of Section 21 of the Municipal Finance Management Act, 56 of 2003 and the Local Government: Municipal Systems Act, 32 of 2000. The Annual report is provided in order to:

- Record all activities of the municipality for the period under review
- Report on performance on the pre-determined objectives against budget
- Promote accountability to the local community for decisions made during the year 2013/2014.

The year 2014 has been filled with mixed blessings, a wonderful year indeed. This year did not only come with celebrations of the twenty year milestone of democracy but called on us to account on some challenges. We have had our difficult days. Despite challenges, we continue to fulfil our

service mandates. As we deliver upon these mandates, we draw inspiration from pockets of excellence within our workforce which helps us grow in strength. We find pleasure in being accorded the award for being the most Effective municipality in terms of Public Participation. An achievement of such great stature by the South African Local Government Association bears testimony to our commitments and unwavering dedication to our work.

Blythedale Beach received the international Blue Flag status which means that it's in full compliance with the standards of Wildlife and Environmental Society of South Africa, it has excelled in areas of safety, amenities, cleanliness and environmental standards. Despite our winnings, difficult days still do remain as the task to fulfil Vision 2030 weighs on our shoulders but, our firm timelines have been guiding us over the years and we are indeed making progress.

We have also focused on planning as a critical element in developing our infrastructure. We want to build better products, deliver better services, so that our customers realise value for money. The delivery of infrastructure is something that we handle with great care because infrastructure

development adds the necessary impetus in the transformation of the local economic space. Progress on one of our biggest capital projects, road P445 is romping away with speed following our decision to maintain a 24 hour construction schedule to get the job done. This project is to unlock more investment and tourism opportunities along the coastal areas once completed, we don't want any more delays.

We are building an enduring partnership with Standard Bank. In 2007, the Bank stepped in with the low cost housing project that was well supported by Council. Joining Standard Bank in their bid to create a decent future for the present generation bears testimony to our shared commitments in bringing dignity and economic prosperity. We have signed a Memorandum of Understanding with Ithala Bank which formalises our good working relationship

The Integrated Development Plan spells out our responsibilities. While unemployment, poverty and inequality remain our key challenges, we have been clear in our approach to align the IDP priorities with the National Development Plan, ahead of 2030, where we will see our vision of becoming a vibrant city being fulfilled. Not far from being certain about the possibility of fulfilling Vision 2030, we remain confident and wish to express that we are moving forward with pace in building our city.

As part of our key service areas, the delivery of adequate basic services is our focus, going forward. We are turning the corner in terms of getting the basics right. Accordingly so, the Back to Basics programme for change that is being rolled out at all levels of government will see the speedy delivery of basic services. Operation Sukuma Sakhe through our local office will continue to play a critical role towards ensuring that access to health care services, food for the under-privileged, social services amongst other services are delivered. The Expanded Public Works Programme is resulting in positive spin-offs. We are indeed making progress in reducing the scourge of unemployment and poverty which continue to confront us all year round.

We have had some irregular electricity black-outs which is a situation that we are dealing with in a very determined way. Various sub-stations are being built, some which have been completed; we are confident that with such developments, the year 2015 will mark the opening of a new chapter. In 2015, we will be more radical, more concerned about the basics and more mindful of our goals as Vision 2030 becons

KwaDukuza has maintained a good financial position in the rankings with regards to financial sustainability. It is with great sense of achievement that we can again record our municipality receiving nine consecutive unqualified audit opinions from the Auditor-General. The Management of the municipality is very much aware of the current challenges with regards to the audit of predetermined objectives and continues to strive towards reaching its target of OPERATION CLEAN AUDIT by 2015.

These entire achievements will not be possible without the commitment of the staff members in their respective directotrates and the continuous guidance and leadership we receive from out Political principals. As

a Municipal Manager, I convey my appreciation to those who continue to hold the flag of the municipality high. During the course of the year, we lost colleagues who were dear to us. We dip our banners in respect of those who have departed and wish those who are sick a speedy recovery.

The KwaDukuza Local Municipality's Annual Report is compiled in terms of the legislative requirements of Chapter 6, Section 46 of the Local Government Municipal Systems Act, 32 of 2000 and it has been prepared in accordance with the provisions of Chapter 12, Section 121 of the Municipal Finance Management Act, 56 of 2003 and thereafter approved by the Municipal Council after following all the processes prescribed by Section 129 of the MFMA. In compliance with the provisions of the MFMA, this Annual Report was tabled by the Mayor at a Municipal Council meeting held on the 29th of January 2015, as prescribed by Section 127 of the MFMA, and was thereafter publicised for comments, this done in terms of Section 21(a) of the MSA. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting.

The Annual Report was further considered by the Municipal Public Accounts Committee (MPAC) established by the Municipal Council, as directed by Section 129 of the MFMA, to assist the Municipal Council in considering the Annual Report. The report of the MPAC is included in the Annual Report and is therefore made public in terms of Section 21(a) of the MSA. This report was subjected to vigorous oversight work by the Municipal Public Accounts Committee, to which management is grateful for thorough scrutiny, verification and validation by the MPAC, Internal Audit and Council. The recommendations of the MPAC will be implemented by the administration in order to improve the quality of our work and service delivery. With continued support and guidance from the MPAC and the entire Municipal Council, I am certain there would be significant and notable strides from the current status going forward.

In presenting this report for the financial year ended 30 June 2014, we acknowledge progress made during the 2013/2014 financial year and the challenges that lie ahead. Detailed accounts of all the challenges and remedial actions going forward have been provided within this report.

On behalf of Management, I would like to wish you a successful year. Let us enjoy our festive season and get ready for the beginning of a new year that promises to be a successful one. I thank you!



Nhlanhla Mdakane  
Municipal Manager

## 1.2.1 POWERS & FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Schedule 4 Part B	Schedule 5 Part B
1. Air & Noise Pollution 2. Beaches and Amusement Facilities 3. Billboards & Display of Advertisements in Public Places 4. Building, Trading Regulations, Liquor & Public, Nuisance Control 5. Cemeteries, Funeral Parlours & Crematoria 6. Child Care Facilities 7. Cleansing & Trade Areas 8. Electricity Reticulation 9. Fencing and Fences 10. Fire Fighting Services Licensing, Facilities for Accommodation, Care & Burial of Animals 11. Local Tourism 12. Local Amenities 13. Local Sport Facilities 14. Markets Stalls / Trade Areas	15. Municipal Abattoirs 16. Municipal Planning 17. Municipal Public Transport 18. Municipal Parks and Recreation 19. Municipal Roads 20. Pontoons, Ferries, Jetties, Piers & Harbours 21. Storm Water Management 22. Pounds 23. Public, Nuisance Control Fire Fighting Services 26. Refuse Removal, Refuse Dumps & Solid Waste 27. Street Trading 28. Traffic and Parking 29. Storm Water Management

## 1.2.2 SHARING OF FUNCTIONS WITH SECTOR DEPARTMENTS

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2013/2014 R (000)	2014/2015 R (000)	2015/2016 R (000)
Infrastructure and basic service delivery	11,20	Etete phase 4 is an ISU (informal settlement upgrade) project consisting of 1480 units	Planning	710		
Infrastructure and basic service delivery	3	Nyathikazi Housing project consists of 1009 units. This is an Integrated Residential Development Programme project.	Planning	1934	4380	
Infrastructure and basic service delivery	13,26	Steve Biko phase 2 Housing project consists of 2000 units. This is an Integrated Residential Development Programme project.	Planning	1934	6485	
Infrastructure and basic service delivery	10,25	Charlottedale Housing Project is an ISU (informal settlement upgrade) project consisting of 2000 units which are still proposed.	Pre-Planning	644		2965
Infrastructure and basic service delivery	9	Mgigimbe Housing project consists of 1140 units. This is ISU (informal settlement upgrade) project.	Pre-Planning	1400		707
Infrastructure and basic service delivery	11	Hyde Park Country Estate development consists of 4500 units. It is an Integrated Residential Development Programme project ranging from low, middle -high income and other socio-economic amenities	Planning	711	2670	
Infrastructure and basic service delivery	22,23	Driefontein Rural Housing: Phase 1	Planning	10330	7200	9300
Infrastructure and basic service delivery	9	Groutville Priority Five	Implementation	13900	6500	0
Infrastructure and basic service delivery	15	Groutville Priority One Phase 2 Chris Hani ward 11	Planning	3910	6950	5800
Infrastructure and basic service delivery	14	Groutville Priority One Phase 2 Lloyd ward 14	Planning	3680	6950	5800

## 1.2.2 SHARING OF FUNCTIONS WITH SECTOR DEPARTMENTS

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2013/2014 R (000)	2014/2015 R (000)	2015/2016 R (000)
Infrastructure and basic service delivery	14,15,24,26	Groutville Priority One Phase 2 Ntshwawini ward 15	Planning	3220	6950	5800
Infrastructure and basic service delivery		Mbozamo (Rectification)	Planning	4900	7000	3500
Infrastructure and basic service delivery	3	Nonoti Mouth	Planning	4180	7000	3500
Infrastructure and basic service delivery	3	Sakhamkanya Phase 2 Housing Project	Implementation	4170	9300	9300
Infrastructure and basic service delivery	1	Sokesimbone	Planning	5250	7000	7000
Infrastructure and basic service delivery	10,11	Charlottedale	Planning	0	1150	2300
Infrastructure and basic service delivery	10,11	Charlottedale	Planning	0	1150	2300
Infrastructure and basic service delivery	19	Rocky Park - Stanger	Implementation	0		

### DEPARTMENT OF TRANSPORT

Activities	Project Name	Mtef 2014/17		
		2014/2015	2015/2016	2016/2017
REHAB	P2-3	7 830 000		
	P266	7 830 000		
Overlay	P459	3 480 000		
	P2-3			25 260 000
	P266			11 040 000
	D2023		1 663 200	
	P459		3 884 400	
VEHICLE BRIDGE	3482 EVUTHA RIVER BRIDGE		6 000 000	
Reseal	P459	8 772 000		
	P266		1 278 400	
	P415		2 950 350	
<b>Grand Total</b>		<b>27 912 000</b>	<b>15 776 350</b>	<b>36 300 000</b>

## THE DEPARTMENT OF DAEA- AGRICULTURE PROJECTS

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Natural resources management and enhancement, action projects for sustainable development		Greening of low Income Homes – KwaDukuza with 2 fruit trees per household		70 000		
		Greening (Compost, & support materials for trees)		12 000		
		Education and Awareness: <ul style="list-style-type: none"> <li>o Municipal Staff workshop:</li> <li>o Schools Environment Education Projects (SEEP): Schools (Excursions) Package</li> <li>o Eco Schools:</li> <li>o Clean up campaigns:</li> <li>o Women Enviro Clubs:</li> <li>o Youth Group:</li> <li>o Celebration of environmental theme days:</li> <li>o Awareness Posters Competitions – Climate Change</li> </ul>				
		Greening of low Income Homes – KwaDukuza with 2 fruit trees per household				
		<ul style="list-style-type: none"> <li>o Environmental Compliance and Waste Support</li> <li>o Municipal Environmental Audits</li> <li>o Greenest Municipality Competition</li> <li>o IWMP Support</li> <li>o Waste Minimization Support</li> </ul>		DAEA Human Resources  DAEA – Human Resources (In-house)		

## THE DEPARTMENT OF EDUCATION PROJECTS

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development		UMHLALI COLLEGE	Design	12 000	12 000	12 000
Infrastructure development	7	New ETETE S	Design	12 000	12 000	12 000
Infrastructure development		New WOODMEAD P	Design	10 000	10 000	10 000
Infrastructure development		New ENJENI S	Design	12 000	13 000	14 000
Infrastructure development	2	New KEARSNEY S	Design	12 000	13 000	14 000
Infrastructure development		New BALLITO P	Design	10 000	10 000	10 000
Infrastructure development		New MANDA FARM P	Design	10 000	10 000	10 000
Infrastructure development		New MT RICHMORE P	Design	10 000	10 000	10 000
Infrastructure development	4	New LOWER TUGELA P #2 (HLOMENDLINI)	Design	10 000	10 000	10 000
Infrastructure development	14	New EZINDLOVINI P (MADLANDUNA)	Design	10 000	10 000	10 000
Infrastructure development		New MADUNDUBE S	Design	12 000	13 000	14 000
Infrastructure development		New MELVILLE S #1	Design	12 000	12 000	12 000
Infrastructure development	14	New MELVILLE P #2	Design	10 000	10 000	10 000
Infrastructure development	11	New THEMENI P #2	Design	10 000	10 000	10 000

## THE DEPARTMENT OF EDUCATION PROJECTS ...CONTINUED

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development	12	LUBISANA P	Completed	10 000	10 000	10 000
Infrastructure development	20	TINLEY MANOR P	Design	10 000	10 000	10 000
Infrastructure development	14	LLOYD P	Design	12 000	13 000	14 000
Infrastructure development	11	INKOSI ALBERT LUTHULI SIVANANDA S	Design	12 000	13 000	14 000
Infrastructure development	11	MBEKAMUSI P	Design	10 000	10 000	10 000
Infrastructure development	11	MBUYISELO H	Design	12 000	13 000	14 000
Infrastructure development	11	THEMBENI P	Design	10 000	10 000	10 000
Infrastructure development	2	PROSPECT FARM P	Design	10 000	10 000	10 000
Infrastructure development	11	ENKUKWINI P	Construction	1 000	1 000	-
Infrastructure development	14	DR B W VILAKAZI JP (GROUTVILLE)	Construction	1 000	1 000	-
Infrastructure development	2	DARNALL P	Pre-planning	1 000	1 000	1 000
Infrastructure development	1	HULETT P	Pre-planning	0	1 000	1 000
Infrastructure development	18	MBOZAMO P	Pre-planning	0	1 000	1 000
Infrastructure development	2	LEE P	Pre-planning	0	1 000	1 000
Infrastructure development	16	KWADUKUZA P (GRAMMAR ST)	Pre-planning	0	1 000	1 000
Infrastructure development	8	SHAKASKRAAL P	Pre-planning	0	1 000	1 000
Infrastructure development	1	TSHELABANTU P	Pre-planning	0	1 000	1 000
Infrastructure development	2	DARNALL S	Pre-planning	0	1 000	1 000
Infrastructure development	1	SHEKEMBULA H	Pre-planning	0	1 000	1 000
Infrastructure development	16	STANGER MANOR S	Design	5 000	5 000	6 000
Infrastructure development	4	RAMLAKAN P	Pre-planning	0	1 000	1 000
Infrastructure development	1	PARUKABAD P	Pre-planning	0	1 000	1 000
Infrastructure development	3	NONOTI P	Pre-planning	0	1 000	1 000
Infrastructure development	19	STANGER SOUTH S	Pre-planning	0	1 000	1 000
Infrastructure development	12	HARRY BODASING P	Pre-planning	0	1 000	1 000
Infrastructure development	13	STANGER TRAINING CENTRE	Pre-planning	0	1 000	1 000
Infrastructure development	13	GLENHILLS P	Pre-planning	0	1 000	1 000
Infrastructure development	3	KHUTHALANI P (STANGER)	Pre-planning	0	1 000	1 000
Infrastructure development	3	HULSUG P	Pre-planning	0	1 000	1 000
Infrastructure development	3	ST CHRISTOPHER P	Pre-planning	0	1 000	1 000
Infrastructure development	20	NEW ETETE H S	Pre-planning	0	5 000	10 000
Infrastructure development	5	NEW BALLITO P S	Pre-planning	0	5 000	10 000
Infrastructure development	20	NEW UMHLALI COLLEGE	Design	10 000	10 000	10 000
Infrastructure development	11	NEW ENJEKENI S S	Pre-planning	0	5 000	10 000
Infrastructure development	20	NEW WOODMEAD P S	Pre-planning	0	5 000	10 000
Infrastructure development	2	NEW KEARSNEY S S	Pre-planning	0	5 000	10 000
Infrastructure development	5	NEW MT RICHMORE P S (SIZANI)	Pre-planning	0	5 000	10 000
Infrastructure development	14	NEW MELVILLE P S	Pre-planning	0	5 000	10 000
Infrastructure development	14	NEW MELVILLE HS	Pre-planning	0	5 000	10 000

## THE SEMBCORP SIZA WATER PROJECTS

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development	Chakas Rock (22)	Upgrade of AC Mains - Ocean Drive & Hill Lane	Implementation	900		
Infrastructure development	UMhlali (22)	Upgrade of AC Mains - UMhlali Methodist Church	Planning	250		
Infrastructure development	Zimbali (6)	New 160mm water mains	Pre-Planning	250		
Infrastructure development	Hawkins (6)	Installation of new Flyght pumps and VSD's + doors	Pre-Planning	475		
Infrastructure development	Chakas Cove (22)	New Flyght pump and isolation valve chamber + doors	Pre-Planning	275		
Infrastructure development	Martinique (22)	New Flyght pump and isolation valve chamber	Pre-Planning	250		
Infrastructure development	Salmon, Emberton (6)	Replacement of Pump Station Doors	Pre-Planning	50		
Infrastructure development	Lali Park (22)	Installation of VSD's and sand trap	Pre-Planning	200		
Infrastructure development	Various areas (6,22,11)	Raise and replace meters	Implementation	200		
Infrastructure development	RDP Areas (4,7,8,20,23)	Removal and Installation of Standpipes	Implementation	200		
Infrastructure development	Various areas (4,7,8,20,23)	Raise and replace Sewer Manholes	Implementation	300		
Infrastructure development	Shakaskraal (22)	200m of 160mm Sewer Replacement	Planning	300		
Infrastructure development	Frazers WWTW (6)	Removal of Sludge from Sludge Pond 1	Planning	200		
Infrastructure development	Frazers WWTW (6)	Steel Structure for Workshop + HAZ doors	Pre-Planning	250		
Infrastructure development	Frazers WWTW (6)	RAS Pump for Aerator 3	Tender	30		
Infrastructure development	Shakaskraal WWTW (22)	Grit Pump to remove sand	Planning	70		
Infrastructure development	Shakaskraal WWTW (22)	Replace Supernatant Pump at Sludge Pond 1	Planning	15		
Infrastructure development	Sheffield WWTW (22)	Replace lining at Pond	Pre-Planning	100		
Infrastructure development	Shayamoya Phase 2 (23)	Installation of 248 house connections and overflow soak always	Implementation	3500		
Infrastructure development	Susan Av, Ballito (6)	Upgrade of 350m of 110mm Upvc Water main	Pre-Planning		400	
Infrastructure development	Sandra Rd, Ballito (6)	Upgrade of 160m of 110mm Upvc Water main	Pre-Planning		350	
Infrastructure development	Salt Rock (22)	Installation of Gravity Sewers Phase 1	Pre-Planning		1 500	
Infrastructure development	Shakashead Upper (4)	150m of 160mm Sewer Replacement	Pre-Planning		175	
Infrastructure development	Compensation & Salt Rock (22)	Installation of Odour Control Units	Pre-Planning		200	
Infrastructure development	Santorini & Honolulu(22)	Gensets for SPS	Pre-Planning		300	
Infrastructure development	Simbithi SPS (6)	New Pump set 1 & Odour Control	Pre-Planning		600	

## THE SEMBCORP SIZA WATER PROJECTS ...CONTINUED

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development	Village SPS (22)	New Electrical Panel	Pre-Planning		150	
Infrastructure development	Shakaskraal WWTW (22)	Removal of Sludge from Sludge Pond 2	Pre-Planning		190	
Infrastructure development	Frazers WWTW (6)	Replace sand in drying beds, Grit Pump, sluice Plates & NRV	Pre-Planning		130	
Infrastructure development	Frazers WWTW (6)	Replace brush cutter, chain block & slings	Pre-Planning		35	
Infrastructure development	Sheffield WWTW (22)	New Flammable & Acidic Cupboard, Residual Chlorine Meter	Pre-Planning		80	
Infrastructure development	Ashley Rd, Ballito (6)	Upgrade of 450m of 160mm Upvc Water main	Pre-Planning			500
Infrastructure development	Basil Hulett & Hewitt Rd (22)	Upgrade of 1200m of 110mm Upvc Water main	Pre-Planning			650
Infrastructure development	Salt Rock (22)	Installation of Gravity Sewers Phase 2	Pre-Planning			1 750
Infrastructure development	Shakaskraal & Village (22)	Gensets for SPS	Pre-Planning			300
Infrastructure development	Simbithi SPS (6)	New Pump set 2	Pre-Planning			500
Infrastructure development	Santorini SPS (22)	Odour Control and Access Road	Pre-Planning			175
Infrastructure development	Woodmead 1 & 2, Ext 3 (22)	Security and Fencing	Pre-Planning			400
Infrastructure development	Shakaskraal WWTW (22)	Removal of Sludge from Sludge Pond 2	Pre-Planning			205
Infrastructure development	Frazers WWTW (6)	Replace Raw Sewerage Pump 1	Pre-Planning			75
Infrastructure development	Sheffield WWTW (22)	Install Ammonia Meter and Automatic Sampler	Pre-Planning			60
Infrastructure development	Frazers WWTW (6)	Replace Hydraulic Graese Gun & NRVs	Pre-Planning			50
Infrastructure development	Nkobongo & Shayamoya (8,23)	Installation of 3000 house connections and waterborne sewer connections	Planning	x	x	x
Infrastructure development	Shakashead & Etete (4,7,20)	Installation of 2500 house connections and waterborne sewer connections	Planning	x	x	x

## THE DEPARTMENT OF SOCIAL DEVELOPMENT PROJECTS 2012/ 2016

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development		UMHLALI COLLEGE	Design	12 000	12 000	12 000
Infrastructure development	7	New ETETE S	Design	12 000	12 000	12 000
Infrastructure development		New WOODMEAD P	Design	10 000	10 000	10 000
Infrastructure development		New ENJEKENI S	Design	12 000	13 000	14 000
Infrastructure development	2	New KEARSNEY S	Design	12 000	13 000	14 000
Infrastructure development		New BALLITO P	Design	10 000	10 000	10 000
Infrastructure development		New MANDA FARM P	Design	10 000	10 000	10 000
Infrastructure development		New MT RICHMORE P	Design	10 000	10 000	10 000
Infrastructure development	4	New LOWER TUGELA P #2 (HLOMENDLINI)	Design	10 000	10 000	10 000
Infrastructure development	14	New EZINDLOVINI P (MADLANDUNA)	Design	10 000	10 000	10 000
Infrastructure development		New MADUNDUBE S	Design	12 000	13 000	14 000
Infrastructure development		New MELVILLE S #1	Design	12 000	12 000	12 000
Infrastructure development	14	New MELVILLE P #2	Design	10 000	10 000	10 000
Infrastructure development	11	New THEMBENI P #2	Design	10 000	10 000	10 000
Infrastructure development	12	LUBISANA P	Completed	10 000	10 000	10 000
Infrastructure development	20	TINLEY MANOR P	Design	10 000	10 000	10 000
Infrastructure development	14	LLOYD P	Design	12 000	13 000	14 000
Infrastructure development	11	INKOSI ALBERT LUTHULI SIVANANDA S	Design	12 000	13 000	14 000
Infrastructure development	11	MBEKAMUSI P	Design	10 000	10 000	10 000
Infrastructure development	11	MBUYISELO H	Design	12 000	13 000	14 000
Infrastructure development	11	THEMBENI P	Design	10 000	10 000	10 000
Infrastructure development	2	PROSPECT FARM P	Design	10 000	10 000	10 000
Infrastructure development	11	ENKUKWINI P	Construction	1 000	1 000	-
Infrastructure development	14	DR B W VILAKAZI JP (GROUTVILLE)	Construction	1 000	1 000	-
Infrastructure development	2	DARNALL P	Pre-planning	1 000	1 000	1 000
Infrastructure development	1	HULETT P	Pre-planning	0	1 000	1 000
Infrastructure development	18	MBOZAMO P	Pre-planning	0	1 000	1 000
Infrastructure development	2	LEE P	Pre-planning	0	1 000	1 000
Infrastructure development	16	KWADUKUZA P (GRAMMAR ST)	Pre-planning	0	1 000	1 000

**THE DEPARTMENT OF SOCIAL DEVELOPMENT PROJECTS 2012/ 2016 ...CONTINUED**

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Infrastructure development	8	SHAKASKRAAL P	Pre-planning	0	1 000	1 000
Infrastructure development	1	TSHELABANTU P	Pre-planning	0	1 000	1 000
Infrastructure development	2	DARNALL S	Pre-planning	0	1 000	1 000
Infrastructure development	1	SHEKEMBULA H	Pre-planning	0	1 000	1 000
Infrastructure development	16	STANGER MANOR S	Design	5 000	5 000	6 000
Infrastructure development	4	RAMLAKAN P	Pre-planning	0	1 000	1 000
Infrastructure development	1	PARUKABAD P	Pre-planning	0	1 000	1 000
Infrastructure development	3	NONOTI P	Pre-planning	0	1 000	1 000
Infrastructure development	19	STANGER SOUTH S	Pre-planning	0	1 000	1 000
Infrastructure development	12	HARRY BODASING P	Pre-planning	0	1 000	1 000
Infrastructure development	13	STANGER TRAINING CENTRE	Pre-planning	0	1 000	1 000
Infrastructure development	13	GLENHILLS P	Pre-planning	0	1 000	1 000
Infrastructure development	3	KHUTHALANI P (STANGER)	Pre-planning	0	1 000	1 000
Infrastructure development	3	HULSUG P	Pre-planning	0	1 000	1 000
Infrastructure development	3	ST CHRISTOPHER P	Pre-planning	0	1 000	1 000
Infrastructure development	20	NEW ETETE H S	Pre-planning	0	5 000	10 000
Infrastructure development	5	NEW BALLITO P S	Pre-planning	0	5 000	10 000
Infrastructure development	20	NEW UMHLALI COLLEGE	Design	10 000	10 000	10 000
Infrastructure development	11	NEW ENJEKENI S S	Pre-planning	0	5 000	10 000
Infrastructure development	20	NEW WOODMEAD P S	Pre-planning	0	5 000	10 000
Infrastructure development	2	NEW KEARSNEY S S	Pre-planning	0	5 000	10 000
Infrastructure development	5	NEW MT RICHMORE P S (SIZANI)	Pre-planning	0	5 000	10 000
Infrastructure development	14	NEW MELVILLE P S	Pre-planning	0	5 000	10 000
Infrastructure development	14	NEW MELVILLE HS	Pre-planning	0	5 000	10 000





## THE DEPARTMENT OF SOCIAL DEVELOPMENT PROJECTS 2012/ 2016

National KPA	Ward Number	Project Description	Status Of Project 2013/2014	MTEF 3 Year		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
	7		Active	R 85 333.20	R93 866.52	R103 253.172
	18		Active	R250 000.00	R252 500.00	R277 750.00
	1		Active	R85 000.000	R93 500.00	R114 200.00
	1		Not active	R0.00	-	-
	19		Not active	R540 835.00	R594 918.50	R654 402.50
	10		Active	R 1 739 300.00	R1 913 230.00	R2 104 553.00
	2		R 0.00 SUSPENDED	-	-	R 0.00 SUSPENDED
	18		Active	R 266 189.00	R292 807.90	R322 088.69
	24		Active	R187 165.00	R205 881.50	R226 469.65
	18		Active	R 242 676.00	R266 943.60	R293 637.96
	10		Active	R 159 354.00	R175 289.40	R192 818.34
				R253 202.00	R278 522.20	R306 374.42
	25		Active	R 174 403.00	R191 843.30	R211 027.63
	25		Active	R 142 325.00	R156 557.50	R172 213.25
	19		Active	R 1 704 892.00	R1 875 381.20	R2 062 919.32
	24		Active	R177 822.50	R195 604.75	R215 165.25
	19		Active	R40 842.45	R44 926.70	R49 419.37
	3		Active	R22 058.00	R24 263.80	R26 960.18
	18		Active	R 73 029.00	R80 331.90	R88 365.09
	3		Active	R 71 753.00	R78 928.30	R86 821.13
	10		Active	R99 884.00	R109 872.40	R120 859.64
	24		Active	R208 453.00	R229 298.30	R252 228.13
	19		Active	R219 9871.00	R2 419 858.10	R2 661 843.91
	19		Active	R334 105.00	R367 515.50	R404 267.05



## 1.2.3 STATEMENT ON PREVIOUS FINANCIAL YEAR'S AUDIT OPINION

It is with great pride that we make mention that KwaDukuza Municipality has received its 9th consecutive unqualified audit report with findings on the following matters:

- Material Losses: as disclosed in Note 32.8 of the annual financial statements: material losses of 74.71m kilowatts amounting to R46.12m were incurred as a result of technical and non-technical electricity distribution losses.
- Material underspending of the capital budget: the municipality has materially underspent the budget on capital expenditure to the amount of R233.66m. This resulted in the municipality not achieving its planned service delivery targets for the year.
- Measures taken to improve performance not supported by sufficient appropriate evidence: adequate and reliable supporting evidence could not be provided for 34% of the measures taken to improve performance as disclosed in the Annual Performance Report.
- Reported performance not verifiable due to limitations placed on scope of work
- Reasonable steps were not taken to prevent irregular expenditure
- Irregular, Fruitless and wasteful expenditure was not investigated to determine if any official is responsible for the costs incurred
- The condoning of irregular expenditure was not approved by the appropriate level of authority
- During the 2013/2014 financial year the municipality had put in place measures to address the issues raised above. These include:
  - > Proper PMS systems/procedures have been put into place to ensure that all evidence provided to the PME Director for onward submission to the AG is complete and accurate. This information will be used to support each ED's performance on the respective department's scorecard.
  - > The Director Expenditure has throughout the year been tracking all payments to ensure that goods/services are procured through correct SCM processes. This is being done via the adoption of a SCM checklist.
  - > An irregular expenditure register has been developed. This register has been tabled at the various structures of Council and sent to National Treasury for condonation.

- The SCM office undertook to formalise the document storage of tender documents and contracts stemming from the challenges encountered in the 2012/13 audit. The following interventions were introduced. The SCM office has undertaken to include the AFS Assistant Director on the mailing list of appointment letters to facilitate the updating of the commitments register. The tender documents were collected from records and filed in boxes by MN number in the stores building in a locked caged area. The copies of contracts were collected from Legals. A summary register has been prepared and updated on an on-going basis.

- A comprehensive Standard Operating Procedure has been developed for the Finance Department. All Finance Directors will use the SOP to maintain sufficient evidence on performance targets. However, it may not be possible to fully address this finding for the 2014/2015 financial year as the organisational scorecard has already been approved. So this finding should be fully addressed when developing the indicators and targets for the 2015/2016 financial year.

## 1.2.4 CURRENT FINANCIAL HEALTH OF THE MUNICIPALITY

It is of vital importance that the municipality has adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. The Division of Revenue Act (DORA) has laid out the level of funding from National Government that will be received for the 2014/15 to 2016/17 MTREF. Information about the available funding will illustrate the Municipality's position more accurately.

### ○ Cash/Liquidity Position

Cash management is crucial for the short and long-term survival and good management of the organization. To assess the financial standing of the municipality, a current ratio will be used; this ratio expresses the current assets as a proportion to current liabilities. A current ratio of 2:1 and greater is considered to be healthy. Current ratio is at 2.28:1 for the 2013/14 financial year. The acid test ratio is at 2.26:1

### ○ Sustainability

The municipality must ensure that the budget is balanced, funded and credible. Revenue must exceed expenditure. Services provided at all levels should be affordable. However, subsidies need to be made available to the indigent household who cannot afford to pay for basic services.

### ○ Accountability, Transparency and Good Governance

KwaDukuza Municipality is responsible to the people who provide the resources, for what they do with those resources. The budget process and other financial decisions are open to public participation. It is critical that accurate information is produced within acceptable time-frames. KDM remains accountable to the community who provides the financial resources through either payments of rates and tariffs, or services.

### ◦ Equity and Redistribution

KwaDukuza Municipality must treat people fairly and justly when it comes to the provision of services, just as KwaDukuza Municipality expect to be treated, equitably by the national and provincial government when it comes to inter-governmental transfers. KwaDukuza must ensure that redistribution is in line with the IDP.

## 1.2.5 REVENUE TREND BY SOURCE INCLUDING BORROWINGS

Maximum average borrowings cost is estimated to be 10.82%. The cost of borrowings i.e. interest charges, have a definite impact on the budget. It would appear that the interest rates have bottomed out, and it is expected that regular marginal increases can be expected throughout 2014/2015. Of the proposed capital budget of R439m, a significant portion (R122m) is to be funded by way of borrowings. Cost of borrowings has been provided for in the municipal budget in the Medium Term Revenue and Expenditure Framework

KwaDukuza Municipality must honour all its loan obligations timeously. Failure to effect prompt payment will adversely affect the raising of future loans at favorable interest rate. Failure to pay any loan installment will have severe repercussions, and may jeopardize the municipality's credit rating.

In addition to the timeous repayment of the loans, the municipality should adhere to the covenants stipulated in the loan agreements and the under-mentioned are some examples of typical covenant requirements:

- furnish audited annual financial statements timeously
- reporting of material changes in the financial position of the Municipality
- material changes in the functions, power and duties of the Municipality  
The municipality has developed a Borrowing Framework Policy and Guidelines. The objective of the policy is to limit interest rate and credit risk exposure to maintain debt within specified limits and ensure adequacy for the repayment of debt and to ensure compliance with all Legislation and council policy governing borrowings of funds. The primary goal in the borrowing of funds is to leverage at the lowest possible interest rates at minimum risk, within the parameters of authorized borrowings.

The scope of the policy includes:

- Risk – The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits.

- Cost of Borrowings - should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions.
- Prudence - Borrowings shall be made with care, skill, prudence and diligence.
- Ownership - All loans must be in the name of KwaDukuza Municipality

## 1.2.6 INTERNAL MANAGEMENT CHANGES IN RELATION TO SECTION 56/57

There has not been any major shake up in terms of internal reconfiguration of the directorates as well as their respective heads of departments except in two areas namely in finance council appointed the chief financial officer on permanent basis meaning he will also enjoy similar appointment terms and conditions as applicable to the heads of the department for Corporate Governance, Corporate Services, Economic Development and Planning as well as Municipal Services. Secondly council also reconfigured the erstwhile Technical department into two stand alone directorates and each with its head to be appointed namely Civil Engineering directorate and Electrical Engineering department.

The promulgation of the regulations on the appointment and conditions of service of senior managers in January 2014 also streamlined the manner in which councils including KwaDukuza will henceforth deal with the appointment of senior managers hence in KwaDukuza municipality the recruitment of the two reconfigured directorates had to comply with such regulations.

There was also another set of regulations on the upper limits for senior managers which were promulgated in March 2014 and the purpose being to set the annual total remuneration package for senior managers after considering a number of variables including mainly the categorization of the municipality. Unfortunately these regulations exempt the current KwaDukuza municipality's senior manager reason being they were all appointed prior to the enactment of these regulations and regulation/section 11 of such regulations vividly states that the current senior managers are exempted from such regulations.

This then means that all senior managers to be appointed post 1 July 2014 by KwaDukuza municipality shall be subjected to the provisions of these regulations and a clear compliance checklist has been developed for council and the appropriate department of cooperative governance to play its oversight role on compliance with all these regulations.

## 1.2.7 ASSESSMENT BY THE ACCOUNTING OFFICER ON ARREARS

A total debtor as at 30 June 2014 is made up as follows:

Description	Total Debt	Provision for Impairment	Net debt
Long term receivables	R10 337 709	R9 350 372	R987 337
Current portion of long term receivables	R6109.00		R6109.00
Receivables from Exchange Transactions	R96 361 272	R27 196 751	R69 164 521
Receivables from Non-Exchange Transaction	R115 456 418	R83 010 296	R32 446 122
TOTAL	R222 161 508	R119 557 419	R102 604 089

Total net debtors amounts to R102 604 089 as at 30 June 2014 representing a 17% increase since 2013 (R87 797 m)

The increase in debtors of approximately R15.0m over the reporting period is attributable to the following:

- The effects of tariff increases. Electricity debtors in particular experienced an increase of R5.4m in the same period. The exorbitant electricity tariff hikes introduced by Eskom and approved by NERSA was the main contributing factor for the R5.4m increase in electricity debtors.
- The current global economic recession.
- Revenue accruals.
- The implementation of IGRAP1 on the accounting from traffic fines resulted in the raising of a traffic fine debtor of R22m.

A portion of the objections and appeals stemming from the introduction of the Municipal Property Rates Act remained unresolved as at 30 June 2014.

The increase in the level of debt did not negatively impact upon service delivery as the Council had sufficient cash reserves in order to meet all its financial obligations. However, Council will maintain efficient debt collection and credit control systems and procedures. The importance of this function is heightened when one considers the challenging economic climate facing the country as well as Eskoms proposals for a five year tariff hike.

## 1.2.8 ASSESSMENT OF PERFORMANCE BY THE ACCOUNTING OFFICER ON REVENUE COLLECTION

30 June14

% DEBT COLLECTION RATE			
TARGET			
ELECTRICITY	95%		
RATES	90%		
REFUSE	75%		
ACTUAL			
THE BELOW FIGURES OBTAINED FROM THE SERVICES RECON/ DEBTORS ANALYSIS SUMMARY REPORT FILED IN POE			
	BILLING	PAYMENTS	COLLECTION %
ELECTRICITY 95%	94 591 519.92	95 926 138.00	101.41
RATES 90%	70 116 903.78	72 190 761.41	102.96
REFUSE 75%	8 989 525.13	8 984 690.39	99.95
VARIANCE/ DEVIATION			
ELECTRICITY	6.41% ABOVE TARGET		
RATES	12.96% ABOVE TARGET		
REFUSE	24.95% ABOVE TARGET		
DATE			



## 1.2.9 RISK ASSESSMENT, INCLUDING DEVELOPMENT AND IMPLEMENTATION OF MEASURES TO MITIGATE THE TOP 10 RISKS:

The MFMA S62 (i)(c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The focus of risk management in KwaDukuza Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality.

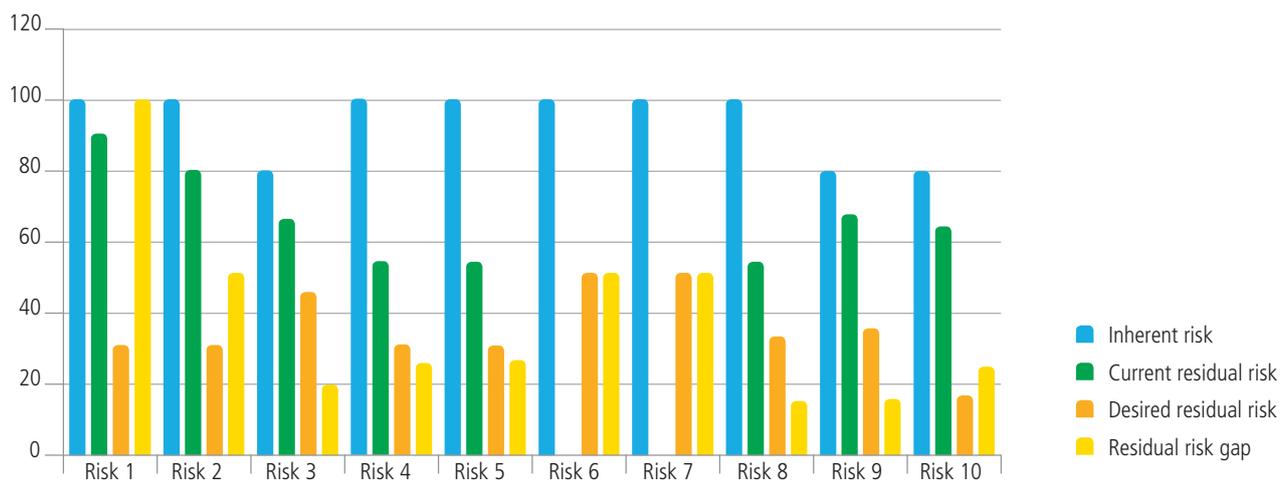
While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Responsibility for the risk management resides mostly with line management in all departments however every employee is responsible for risk management. Risk Assessment workshops with management was conducted with an aim of ensuring that management understands the importance of managing risks for the benefit of the Municipality. The Municipality has put in place mechanisms to identify and assess risks and developed specific mitigating strategies, plans or actions should the need arise; and also records, monitors and reviews risks continuously.

A Risk Management Policy has been adopted by the Executive Committee. It enables management to proactively identify and respond appropriately to all significant risks that could impact on municipal objectives. The Municipality has the MANCO Risk Management Committee which is made of the Municipal Manager, Head of Departments, Internal Audit Unit .Its role is to guide the development and implementation of Risk

Management and to review and monitor key performance areas of the municipality on a regular basis and bring critical risks to the attention of various committees within the municipality.

The Top 10 Residual risks have been highlighted as per risk workshop conducted by Provincial Treasury. These risks are as follows:

1. Asset Management: Facilities Maintenance – there is currently no control in place to address this risk and therefore this risk area will not form part of the internal audit plan for testing until such time that management implement controls as per commitments made during the risk process;
2. Strategic Planning: Performance Management System – this is included for testing as it is a legislative requirement although the controls here have been rated by management as weak;
3. Municipal Services: Cemeteries Management - (risk is not directly controllable – mostly related to a lack of suitable land);
4. Electricity Infrastructure (Audit Committee to provide direction on these);
5. Electricity: Provision;
6. Financial Management: Supply Chain Management – included in audit plan;
7. Electricity Infrastructure;
8. Facilities Management: Municipal Buildings - there is currently no control in place to address this risk and therefore this risk area will not form part of the internal audit plan for testing until such time that management implement controls as per commitments made during the risk process;
9. Economic Development Planning: Housing Provision – included in audit plan;
10. Financial Management: Tender Awards – included in audit plan.



Graph 1: Top 10 Risks

Based on the graphical presentation of the residual risks above, these are the ten risks that should be given high priority such that the goals and objectives of the Municipality can be met effectively, efficiently and economically.

On the graph, the **Blue Bars** show the **inherent rating of risks** i.e. in the absence of any actions management might take or has taken to reduce either the risk's likelihood or impact. The **Green Bar** is the level of **Current Residual Risks** which is the product of the inherent risk rating and the control effectiveness factor. The residual rating for all ten risks is above 20 (Moderate level) which is used as a threshold in terms of understanding the level of action to be taken in managing risks and this is clearly outlined on the table above.

The **Orange Bar** on the graph reflects the level of the **Desired Residual Risk**. Action plans identified during risk assessments need

to be implemented so as to reduce the level of the current residual risk (green line) to the level of the desired residual risk (orange line). The **Yellow Bar** indicates the **Residual Risk Gap**, the difference between the residual and desired residual risk. These risks should be given high priority such that the objectives and goals of the Municipality can be met effectively, efficiently and economically. The KZN Provincial Treasury's Risk Management team will facilitate the monitoring, on a quarterly basis, the status on the implementation of the identified action plans.

The following table (reflecting risk values to risk exposures) is used as a guideline in terms of understanding the level of action to be taken in managing risks.

Residual risk exposure	Risk Acceptability	Proposed Actions	Risk Value
Critical	Unacceptable	Take action to reduce risk with highest priority, accounting officer/chief executive officer and executive authority/accounting authority attention.	> 60
Major	Unacceptable	Take action to reduce risk with highest priority, accounting officer/chief executive officer and executive authority/accounting authority attention.	> 35 ≤ 60
Moderate	Unacceptable	Take action to reduce risk, inform senior Management.	> 20 ≤ 35
Minor	Acceptable	No risk reduction - control, monitor and inform management.	> 10 ≤ 20
Insignificant	Acceptable	No risk reduction - control, monitor and inform management.	≤ 10

## 1.3 POPULATION AND ENVIRONMENTAL OVERVIEW

KwaDukuza municipality has a total area of 73 497.2 ha, of which only 17 949.6 is untransformed (24.4%). The level of transformation by cultivation has left great concern on the municipality to conserve what remnant habitats that may remain the municipal area (BosMap 2013). In its pre-development/transformation stages KwaDukuza typical land covers and features would have included a mosaic of large areas of coastal belt grassland, interrupted by forest patches (particularly on the south facing slopes), wetlands and riverine vegetation. Larger, more contiguous forest patches would have occurred towards the coast, with a large dune and coastal lowland forest belt running along the immediate coastline, interrupted by grasslands and estuaries and their associated wetland vegetation.

Transformation in the municipal area has resulted in major habitat loss and in order to attempt to conserve the remaining habitats and improve biodiversity in the region, known habitats in the region were identified and special

features of similar character were used to define habitats in KwaDukuza with importance in terms of biodiversity and high conservation value.

### 1.3.1 TRANSPORTATION LINKAGES AND INFRASTRUCTURE

This section describes trends in road infrastructure, road vehicles, airport trends and port movements within KwaDukuza, iLembe, Province and nationally and also includes a map showing main transport routes.

#### VEHICLE REGISTRATION

- In KwaDukuza, vehicle registrations increased by 796 vehicles to 40,769 which is the highest increase in two years.

#### AIRPORT PASSENGER MOVEMENT

- King Shaka International experiences the least passenger traffic at an average of 400 000 passengers per month out of the three international airports.
- Passenger numbers have increased by 1% to 1 119 230 since 2011.

## PORT MOVEMENT

- Richards Bay and Durban ports contribute approximately 60% of all port movements in South Africa. This is economically significant for municipality as it is situated between these two ports and therefore, the activity of these two ports is a good gage of economic activity in the area in general.

## ROAD INFRASTRUCTURE

- Department of transport embarked on a maintenance programme to maintain the major corridor roads towards KwaDukuza and through KwaDukuza Municipal area. Roads affected and now currently in the process of rehabilitation are the R 74 and R102 which are the main carriers within the jurisdiction Of KwaDukuza. Funds were set aside to deal with the roads and contracts have been awarded to contractors to rehabilitate.
- KwaDukuza Municipality has strong North-South linkages via the N2 and Provincial road R102. These roads provide a basis for linking the main coastal nodes and the main Provincial Economic hubs (eThekweni and uMhlathuze). There are also distinct East-West linkages via the R74 and R614, these serve as a basis for connection of inland and coastal nodes, as well as other municipalities within iLembe District. Metrorail is the backbone of public transport in KwaDukuza with approximately half (49%) of the population (mainly inland) not having access to any formal mode of transportation.
- An integrated transportation plan has been developed by iLembe District Municipality. Poor condition of roads due to poor standard of storm-water management and lack of maintenance are some of the municipality's concerns. An important component of the structuring of the future development of the area focus on locating activities in areas of accessibility, within the various corridors, where higher accessibility exists.

## 1.3.2 DEMOGRAPHIC ANALYSIS

The population of KwaDukuza Municipality has grown by 37.8 % since 2001 from 167 805 to 231 187 in 2011 (Census 2011). Furthermore, it has been speculated that during peak season KwaDukuza population reaches +/- 320 000 people because of holidays' makers. KwaDukuza Municipality is one of the four KwaZulu Natal Municipalities which has shown significance growth in population in the past years. The population of KwaDukuza is mainly dominated by Black Africans, followed by Indians or Asians. Whites and Coloured people follow respectively; with people classified as other they constitute the minimum percentage of KwaDukuza Municipality. This level of population distribution emphasizes the importance of the Municipality to actively plan towards rectifying any past imbalances in terms of economic development, infrastructure, housing, and social services.

Race	Number of People	Percentage (%)
Black African	182,285	78.85
Coloured	2,213	0.96
Indian or Asian	32,530	14.07
White	12,885	5.57
Other	1,274	0.55
Total	231 187	100

**Table 6:** Population by racial groups

KwaDukuza Municipality is mainly dominated by Black African who makes up 78.85% followed by Indians or Asians who make up 14.07%. Whites and Coloured make up 5.57% and 0.96% respectively and people classified as other they constitute only 0.55% of the total population of KwaDukuza Municipality.

## MOST SPOKEN LANGUAGE IN KWADUKUZA MUNICIPALITY

The most spoken language within KwaDukuza Municipality is IsiZulu with 67.50 % of the population who speak this language fluently; followed by English, IsiXhosa and Afrikaans with 21.20%, 7.10% and 1.50% respectively. The rest of other languages are spoken by less than 1.00% of the population with the majority of these South African languages being spoken by less than 0.20% of the population.

Language	% of Population
IsiZulu	67.50%
English	21.20%
IsiXhosa	7.10%
Afrikaans	1.50%
IsiNdebele and Xitsonga	0.90% & 0.70%

**Table 7:** Most spoken language in KwaDukuza (Source: Stats SA, 2011)

## AGE OF POPULATION

The KwaDukuza population has a large youth segment, the total number of people under the age of 14 years account for 29.00% of the total population, the percentage of the population that is at age between 15-34 years consist of 40.53% of the total population. The age group 35-64 represents 26.15% of the total population, then the age group that is between 65-79 is represented by 3.56% and finally the age group of 80+ comprises only 0.77% of the total population. It is interesting to note that the Male component in the age group 65+ consists of half the percentage of the female in the same age Category being 1.70% and 2.63% respectively.

## KEY FINDINGS AND TRENDS:

- The population of KwaDukuza Municipality has grown by 37.8 % since 2001 from 167 805 to 231 187 in 2011 (Census 2011).

- The population of KwaDukuza is mainly dominated by Black Africans, followed by Indians or Asians. Whites and Coloureds follow respectively; with people classified as other they constitute the minimum percentage of KwaDukuza Municipality.
- The most spoken language within KwaDukuza Municipality is IsiZulu with 67.50 % of the population who speak this language fluently.
- KwaDukuza's population has a large youth segment, the total number of people under the age of 14 years account for 29.00% of the total population, the percentage of the population that is at age between 15-34 years consist of 40.53% of the total population.

- Agriculture
- Light industry
- Tourism

### INCOME LEVELS

The population that does not earn an income has drastically reduced from the approximated figures of 61% in the past years to 40.90% in 2011. This category includes 14.10% of the population made up of children and housewives. Statistics shows that 04.00% of the employed people earn between R401 – 800.

## 1.3.3 EMPLOYMENT AND INCOME LEVELS

### EMPLOYMENT LEVELS

The economy of KwaDukuza largely rests on the services the central business areas such as Stanger, Shakaskraal and Ballito deliver to its surrounding areas and hinterland. This is demonstrated by the very high share of the total employment found in services and service related branches. It has a high number of potential economically active populations that feed into the labour pool which is desired for the municipality that is developing. The economy of KwaDukuza is based on three major pillars:

## 1.3.4 EDUCATION AND SKILLS

There are 28.2 % people above the age of 20 years in KwaDukuza Municipality who are in possession Standard 10/Grade 12 and 5.7 % who are in possession of Higher Education Qualifications. Census 2011 revealed that 9.7% of the population in KwaDukuza Municipality has not attended school. This shows a 10.9% improvement in the education level since 2001 where there were 20.6 % of the KwaDukuza Municipality's population that had no form of schooling. This is positive for the municipality as it provides a skills base for the area that requires minimum training. The major challenge faced by KwaDukuza Municipality is that there are very limited institutions for higher learning in area. The nearest institutions are further south in eThekweni or further north at Mandeni. Table 6: Population by racial groups

	Education (aged 20 +)							
	No Schooling		Higher Education		Matric		Primary Educational Enrolment	
	aged 6-13							
	2001	2011	2001	2011	2001	2011	2001	2011
KWAZULU-NATAL	21.9	10.6	4.8	6.9	21.6	30.4	89.4	90.3
ILembe Municipality	29.8	15.3	3.1	3.7	17.1	26.6	87.9	91.3
KwaDukuza Municipality	20.6	9.7	5.1	5.7	21.1	28.2	85.2	91.2

Table 8: EducationSource: Stats SA, 2011

## 1.3.5 ELECTRICITY DISTRIBUTION

Rising to these challenges the Municipality has embarked on a program to upgrade its networks in order to stabilize and improve the quality and firmness of supply. The upgrades which have thus far been undertaken are in line with the findings of the Energy Master Plan Network Study conducted by NET GROUP. Responding to the infrastructure challenges identified in the Master Plan, the Municipality has already accomplished the following upgrades:

- For the Southern network KwaDukuza Municipality has upgraded the Shakaskraal/Hilltop/Business Park 33 kV Overhead line and associated network equipment from 19MVA capacity to 30MVA capacity. This will enable the Ballito and surrounding areas load to be transferred over to the Shakaskraal substation via the Hilltop/ Imbonini/ Chakasrock supply circuit, when overload conditions prevail due to cable theft and/or storm damage occurring causing a loss of supply from the Driefontein feeder or Collisheen feeders each respectively.

- The KwaDukuza Municipality has secured a firm 30 MVA capacity (Premium Supply) from ESKOM via the ESKOM Driefontein substation.
- The Dual 33kV supply circuits from the Driefontein intake substation have been constructed and are connected to existing interconnected 33kV Networks which has reduced overload situations considerably. These circuits have also made it possible to relieve load on the Shakaskraal Intake substation thus availing capacity for load growth in the North East and West sectors of the Southern networks.
- It is the intention to transmit supply from Driefontein Sub Station into Council's supply area to connect into the proposed NEW 33/11 kV substation which is to be constructed adjacent to the proposed new ESKOM 132/33 kV DUKUZA substation to be established in the vicinity of Compensation Traction Station.
- The availability of this firm 30 MVA capacities will provide sufficient bulk supply capacity leading to the medium term to provide for the degree of firmness of supply required as well as enable a host of alternative network switching configurations to satisfy contingency options under fault and load transfer conditions.
- The planning and design for the Municipality Dukuza Sub station (33/11kV) is at an advanced stage however delays in acquiring land rights for the substation servitude have had an adverse effect on progress. These issues are to be resolved shortly.

Challenges have been experienced in respect to overload situations at Shaka's Rock Sub Station due to the rampant load growth in the Shaka's Rock/Sheffield Beach areas of Supply. This has been overcome by the decision taken by the Municipality to establish the New Sheffield 33/11 kV substation which is central to the emerging growth node. This new substation is at a stage of completion however the full benefit will only be realized upon the 33kV Linking cables having been installed between Shakaskraal Major Intake substation and the new Sheffield Substation.

Budget provision has been made for this project which will carry forward into the 14/15 financial year. Upon commissioning of Sheffield substation it shall be possible to transfer at least 5mva of existing load from Shaka's Rock substation over to the new Sheffield substation which will also reinstate the firm 10 MVA capabilities at Shaka's Rock substation during peak season and also release load off the Shakaskraal, Hilltop, and Imbonini 33 kV distribution network.

To fully utilize the available capacity and relieve load from Shaka's Rock substation as well as reinforce supply to the far end of Sheffield Beach, a suitably rated dedicated 11 kV feeder cable to connect between Sheffield Substation and Village Switch room has been installed.

The benefit to be derived from interconnecting the two firm 10 MVA substations (Shaka's Rock and Sheffield) will be the capability of transferring network load between major sub stations under emergency conditions thus allowing for a greater security of supply.

KwaDukuza Municipality has also resolved to establish the new ESKOM/ KDM intake substation to be known as Dukuza 132/33 kV substation within the next two to three years to cater for the future load growth. The high level estimated cost provided by ESKOM for this substation is in excess of R100, 000,000.

The assessment of the infrastructure determined that the age and condition of the majority of DC-Battery Charges and Batteries installed at major substations and switch rooms posed a great risk to the correct functioning of equipment protective devices. The DC-supply is used to energize the protection relays and control the tripping/ closing coils on all the 33 and 11 kV breakers. Phase one of the program to renew all such aged equipment has been completed and Phase two is beyond tender stage ready for installation. This project may carry forward to the new 2014/2015 financial year.

## 1.3.6 LOCAL ECONOMIC DEVELOPMENT OPPORTUNITIES AND GROWTH

KwaDukuza Municipality is in a privileged position as it is strategically located along the Durban Richards Bay corridor, it is contiguous to the King Shaka International Airport, it has a well-established tourism profile and it has abundant developable land within the municipality and its neighbouring municipalities. The result is that the locality is arguably already one of the fastest growing in Southern Africa and has the spatial capability to sustain this growth for a considerable period.

### POSITIONING KWADUKUZA IN COMPETITIVE SECTORS

For KwaDukuza as a locality to succeed economically and developmentally it must:

- Ensure that the long term socio-economic future is secure and that all local people are equipped and are capable of benefitting from the economy potential in a sustainable and productive manner.
- The economic priorities play to the comparative advantage of KwaDukuza, have a long term for innovation and growth.
- The economic priorities that are identified are also aligned to national and provincial priorities to ensure political and financial support.



## 1.3.7 DEVELOPMENT PLANNING AND ENVIRONMENTAL MANAGEMENT

KwaDukuza Municipality is guided in its activities and environmental objectives, programmes and action plans by its overall Municipal vision for the Year 2030 that, "Kwa-Dukuza shall be a vibrant city competing in the global village economically, socially, politically and in a sustainable manner." The Municipality strives to be an environmentally sustainable municipality that anticipates, manages, and reduces its vulnerability to potential global and local environmental shocks and works consistently with the Department of Environmental Affairs at national and provincial level and with other organs of state to drastically reduce the impact of its built environment and urban processes on natural resources; with the main objective being to achieve sustainable development.

In its stride towards developing KwaDukuza Municipality into a city, the municipality develops environmental policies that assist in addressing issues of sustainable social, economic and environmental development. The intention of strategic planning documents is to strengthen sustainability in the Integrated Development Planning of the municipality. It has further developed a draft document called the - KwaDukuza Environmental Management Policy; which a soft law that seals and further emphasizes the municipalities commitment in conserving its natural resources and form the basis for sectorial policies, strategies and programmes to ensure that the National Environmental Management Act principles are realized. The environmental management policy vision links up with the overall municipal vision and reads as follows: "This Municipality strives to be an environmentally sustainable municipality that anticipates, manages, and reduces its vulnerability to potential global and local environmental shocks and works consistently with the department of environmental affairs to drastically reduce the impact of its built environment and urban processes on the broader envelope of natural resources."

**The list below provides details on the KwaDukuza Municipality Integrated Environmental Management (Environmental sector plans) in the municipality:**

Sector Plan	Completed (Y/N)	Adopted (Y/N)	Status Quo
KwaDukuza Municipality Strategic Environmental Assessment (SEA)	Yes	Yes 2008	KwaDukuza Municipality identified the need for an SEA in order to assess the environmental implications of the KwaDukuza IDP, to determine the ability of the environment to sustain the development currently taking place in the Municipality and to identify the environmental opportunities and constraints within the Municipality. It is a tool used at a strategic planning phase where other tools such as the Environmental Impact Assessments are employed by KwaDukuza to manage project specific issues forming a foundation layer for strategic planning.
Coastal Management Plan (CMP)	Yes	Yes 2011	As prescribed in the Integrated Coastal Management Act, No 24 of 2008 (ICM Act) KwaDukuza Municipality became the first municipality in the country to comply with the requirements which were; the development and adoption of a Coastal Management Programme (CMP). The second phase of the CPM was the development of the Coastal Development Management Tool. This tool will act as a guide for the Municipality and for stakeholders to determine and implement certain coastal planning with specific zoning, associated land use, setback lines and development controls. This is awaiting adoption by KwaDukuza and the final leg of public/stakeholder engagements to have the document finally complete
KwaDukuza Climate Change Response Change (CCRS)	Yes	Yes 2013	In line with Climate Change COP17 conference held in Durban in 2011, KwaDukuza Municipality undertook to make its commitment in fighting the impacts of climate change bearing in mind that as a growing municipality under immense development pressure; KwaDukuza must aim at creating a climate-resilient and low-carbon economy and society by building resilience to the effects of climate change through the reduction of greenhouse gases
The Urban Low Emissions Development Strategy (Urban LEDES)	No	No 2012-2015	The Urban Low Emissions Development Strategy (Urban LEDES) builds from the CCRS strengthening it with strategic vision statement linked with the IDP. The main objective of the Urban LEDES is to enhance the transition to low-emission urban development in municipalities in emerging economy countries. Progress thus far: 1. Greenhouse Gas Inventory 2012 which is an accounting of greenhouse gases emitted to and removed from the atmosphere 2. KwaDukuza Low Emissions Scenario Planning Process completed which feeds directly to a detailed action plan which will be integrated to the City Development Strategy and the IDP once completed The Urban LEDES is fully funded by ICLEI AFRICA
KwaDukuza Biodiversity and Open Space Management Plan (BosMap)	Yes	Yes 2013	The plan is an element of the Municipality's IDP and located at a level between the SDF and LUMS. The plan assists the municipality in classifying and managing areas important for biodiversity conservation and provision of ecosystem services.

**The list below provides details on the KwaDukuza Municipality Integrated Environmental Management (Environmental sector plans) in the municipality:**

Sector Plan	Completed (Y/N)	Adopted (Y/N)	Status Quo
KwaDukuza Municipality Draft Environmental Policy	Yes	No	The Environmental Policy, is a statement of intent towards KwaDukuza Municipality's objectives regarding its environment, it form the basis for sectorial policies, strategies and programmes to ensure that the principles of sustainability are adhered to and a community-ecosystems-based-adaption (CEBA) approach be followed under which humans and nature can co-exist for the benefit of present and future generations.
KwaDukuza Municipality Draft Environmental Policy	Yes	No	The Environmental Policy, is a statement of intent towards KwaDukuza Municipality's objectives regarding its environment, it form the basis for sectorial policies, strategies and programmes to ensure that the principles of sustainability are adhered to and a community-ecosystems-based-adaption (CEBA) approach be followed under which humans and nature can co-exist for the benefit of present and future generations.
Estuary Management Plans (EMP)	No	No	EMPs have commenced for the Nonothi and Zinkwazi Estuaries early 2014 of which both are still at the assessment stage. They are funded through the public private partnership between the municipality and the Zinkwazi Blythdale Conservancy.
Air Quality Management Plan	N/A	N/A	Ilembe District has been prioritized by DAEA in KwaZulu Natal and an Air Quality Management Plan commenced with data collection in 2013. Once finalised KwaDukuza Municipality would be able to extract the Air Quality Status of the municipality

**Table 9:** Integrated Environmental Management (Environmental sector plans)

**Environmental Strategies and Project Matrix within KwaDukuza Municipality**

Focus Area	Strategies	Projects	Budget (R)/ Funding	ACTION
Environmental awareness	Provide capacity building programs to all relevant officials, councillors, schools and community	Eco-schools/ Schools Environmental Education Programme	Funded by DAEA-R20000 KDM-reflected in the Economic Development Planning budget	Yearly programme and is on going
Coastal Management	Coastal conservation and protection	Nonoti Estuarine Management Plan	Funded by Zinkwazi Blythdale Conservancy: not specified	2014-2015
Coastal Management	Coastal conservation and protection	Zinkwazi Estuarine Management Plan	Funded by Zinkwazi Blythdale Conservancy: not specified	2014-2015
Coastal Management	Coastal conservation and protection	Blythdale Blue Flag Status	Funded by WESSA: R22800 for application fees	2014/2015
Climate Change	Responding to Climate Change	Greening of low Income Homes – 2 Fruit trees per household inclusive of Compost, & support materials for trees	Funded by DAEA: R80000	Yearly programme and is on going
Climate Change	Responding to Climate Change	Urban Low Emission Development Strategy	Funded by ICLEI AFRICA	2012-2015
Information Gaps & State of Environment Reporting	Ensure access to timely and reliable information on the environment; improve the Municipality's ability to deal with environmental challenges; GIS database	KwaDukuza Environ-data Sources: BOSMAP, CMP, SEA, CCRS	n/a	On going

**Table 10:** Environmental Strategies and Project Matrix

### KwaDukuza Municipality Environmental Intergovernmental Relations

KwaDukuza Municipality environmental management section involves itself with environmental engagements within the municipality as well as that of the ILembe District Municipality where relevant:

Focus Area	Strategies	Projects	Budget (R)/ Funding
KwaDukuza Environmental Working Group/ Lower uMvoti Catchment Forum	quarterly meetings	It comprises of various stakeholders UMvoti River i.e. DEA, DAEA, iLembe District, KwaDukuza Municipality, NGOs, industries and conservancies.	Addresses pollution and environmental degradation issues impacting on Mvoti River, addresses water quantities, and quality issues within the municipality
ILembe Coastal Working Group	quarterly meetings	DEA, DAEA, iLembe District, Local Municipalities, NGOs, industries and conservancies	It is in line with the Integrated Coastal Management Act of which the ILembe District chairs. The forum discusses coastal management issues and ensuring compliance and implementation of the ICM ACT and reporting to the Provincial Coastal Management Committee.
Planners Forum	Monthly meetings	DEA, DAEA, COGTA, DMR, iLembe District, KwaDukuza Municipality, Ndwedwe Local Municipality, Maphumulo Local Municipalities and Mandeni Local Municipality	To discuss wide range of issues affecting Planning and the development of planning tools such Urban Edge, SDF and other planning tools

**Table 11:** Environmental IGR in KwaDukuza

## 1.3.8 ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL STRUCTURE

The Municipal Manager heads the administrative structure of KwaDukuza Municipality and is assisted by six Heads of Departments (Executive Directors/ ED's). The Executive Committee approved the split of the Technical Services Department into two stand-alone Directorates, the Civil Engineering Directorate and Electrical Services Directorate which will each be headed by the Executive Director in the 2014/2015 financial year. Each Directorate is further divided into a particular number of sub-directorates headed by Directors and are as follows

- Corporate Governance Directorate** which operates under the Office of the Municipal Manager, incorporates Corporate Communications, Performance Management, IDP & Public Participation, IGR & Protocol, Internal Audit, Legal Services and Special Projects
- Finance Directorate** incorporates Budget and Compliance, Supply chain, Expenditure, Creditors and Direct Payments, Revenue, Rates/ Housing/Sundry Debtors and Salaries.
- Corporate Services Directorate** incorporates Human Resources Recruitment & Selection, Labour Relations, Employee Benefits, EAP, Health & Safety, Property Management, Council Support and Administration, Skills Development, ICT & ICT Governance
- Technical Services Directorate** incorporates Civil Engineering, Electrical Engineering, Project Management Unit, and Planning-Storm Water and Fleet Management Services.
- Economic Development and Planning Directorate** incorporates Local Economic Development, Human Settlements, Development Planning, Youth Development, Development Control and Building Control.
- Municipal Services Directorate** incorporates Community Safety, Traffic, Crime Prevention, Testing and Motor Licensing Administration, Fire and Emergency Services, Parks and Gardens, Operations Control Emergency and Disaster Management.

### 1. ED: Corporate Governance: Mr. AM. Manzini

Mr Manzini is responsible for providing strategic direction for the following areas:

- Corporate Communications
- Performance Monitoring & Evaluation
- Strategic Planning- IDP & Public Participation
- Intergovernmental Relations
- Internal Audit
- Legal services
- Special Projects

### 2. ED: Corporate Services: Mr. SW. Kubheka

Mr Kubheka is responsible for the following areas:

- HR & Administration
- Labour Relations
- Employee Assistance
- Skills Development
- ICT & Governance
- Property Management
- Council Support and Administration

### 3. Finance: SM Rajcoomar- CFO

The CFO is responsible for the performance in the following areas:

- Budget & Compliance
- Revenue
- Income & Expenditure
- Supply Chain Management
- Creditors and Direct Payments

### 4. ED: Economic Development & Planning: Mr. SV. Hlongwane

Mr Hlongwane is responsible for ensuring basic service delivery and performance in the following key areas:

- LED & Tourism
- Development Planning

- Environmental Management
- Youth Development
- Libraries, Museum and Heritage
- Sports Development
- Human Settlements
- Community Halls & Multi-Purpose Community Centre

### 5. ED: Municipal Services: Mr. C. Viramuthu

Mr Viramuthu is responsible for the strategic performance of the following key basic service delivery areas:

- Community Safety and Community Services
- Law Enforcement/Traffic Policing
- Crime Prevention
- Social crime prevention
- Motor Licensing and Testing Services
- Fire and emergency services
- Waste Management Services
- Beach maintenance and Marine Safety
- Cemeteries and Crematorium
- Parks & Gardens
- Disaster Management

### 6. AED: Technical Services : Mr. SM. Khanyile

Acting ED, Mr Khanyile is responsible for ensuring basic service delivery and performance in the following key areas:

- Electrical Services
- Civil Services
- Programme Management Unit (PMU)
- Fleet Management



## KWADUKUZA MUNICIPALITY ORGANOGRAM

The organisational structure below was adopted in June 2013/2014 financial year.





# Chapter 02

## Component A: Political and Administrative Governance





## 2.1 POLITICAL GOVERNANCE

After the 2011 Local Government Elections, KwaDukuza Municipality's wards were increased from 20 to 27 wards while councilors increased from 37 to 53. KwaDukuza Council meets on a monthly basis while the EXCO meets twice a month. Members of the public and media are also encouraged to attend some Council meetings. KwaDukuza Council's Portfolio Committees set policies and guidance towards the implementation of all KwaDukuza Council delivery.

These portfolio committees are structured as per the national guidelines. Each Portfolio Committee meets once per month. Their core function is to look at specific issues that relate to each portfolio committee, research those issues and find all the necessary facts before these issues are discussed by Councilors that sit in each of the portfolio committees. The portfolio committees deliberate issues and then make recommendations to EXCO and the full Council, for the latter to take decisions. The five portfolio committees, as gazetted, are as follows:

- Local Public Administration and Human Resource Portfolio Committee;
- Economic Development, Planning, Community Development and Housing Portfolio Committee;
- Municipal Services Portfolio Committee
- Finance Portfolio Committee
- Infrastructure and Technical Portfolio Committee

### GOVERNANCE FRAMEWORK IS AS FOLLOWS



The Council of KwaDukuza Municipality consists of 54 Councillors, 27 of whom were directly elected to serve on the Council. Membership of the Council is made up of:-

- a) 39 African National Congress councillors
- b) 4 Inkatha Freedom Party councillors
- c) 7 Democratic Alliance Councillors
- d) 2 National Freedom Party councillors
- e) 1 Minority Front Councillor

**TOTAL 53 COUNCILLORS**

To ensure compliance with the legislative requirement the Council meets at least quarterly. However, in order to meet compliance requirements in relation to such issues as Budget approvals, mid-term Budget Reviews, Adjustments Budgets, IDP Reviews, Annual Report and Annual Report Oversight reviews, the Council effectively meets almost once every month. In order to optimise efficiency of operation the Council has reserved to itself decision making powers on certain critical and strategic matters - such as considering the results of the provincial government's monitoring of the Municipality, deciding whether to provide security for any of the Municipality's debt obligations and deciding to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. It has otherwise delegated to its Executive Committee power to exercise all powers of the Council in respect of matters not specifically excluded from delegation in terms of Section 160 (2) of the Constitution and Section 59 of the Systems Act.

In order to facilitate maximum participation by Councillors in the decision making processes of the Council and its Committees, all Councillors are provided with copies of the agenda and minutes of all meetings of the Council, its Executive Committee, its Portfolio Committees and its Sub-Committees and Task Teams

## EXECUTIVE COMMITTEE

KwaDukuza Municipality has established an Executive Committee consisting of 10 Councillors. Although the manner in which the composition of the Executive Committees should be determined is not prescribed by legislation, when establishing the Executive Committee the Council was mindful of the provisions of Section 160(8) of the Constitution of the Republic of South Africa, which requires that:-

"Members of a Municipal Council are entitled to participate in its proceedings and those of its committees in a manner that:-

- a) Allows parties and interests reflected within the Council to be fairly represented;
- b) Is consistent with democracy; and
- c) Maybe regulated by national legislation."

In keeping with the requirements of that Section of the Constitution, the Executive Committee was constituted on the basis of proportional representation, giving the following membership:-

- o African National Congress: 7 Councillors;
- o Inkatha Freedom Party Councillors: 1 Councillor
- o Democratic Alliance : 2 Councillors,
- o National Freedom Party: 0 Councillors

The Executive Committee holds ordinary meetings twice per month with additional special meetings being convened as and when necessary. The Terms of Reference of the Executive Committee require that, amongst other things, it:-

- o Performs the functions of an Executive Committee set out in the Local Government : Municipal Structures Act, 1998;
- o Takes such action as may be necessary to ensure compliance by the Council with all legislation relating to or affecting local government.

## PORTFOLIO COMMITTEES (SECTION 70)

KwaDukuza Municipality has established five Portfolio Committees to assist the Executive Committee, these being:-

- a) Finance Portfolio Committee;
- b) Infrastructure and Technical Portfolio Committee;
- c) Economic Development and Planning Portfolio Committee;
- d) Municipal Services Portfolio Committee;
- e) Local Public Administration and Labour Relations Committee.

Each of the Committees has defined terms of reference covering the whole range of the functions of the Municipality. The Portfolio Committees meet once per month and the recommendations of the Portfolio Committees are submitted to the meeting of the Executive Committee following the meeting of the Portfolio Committee.

### Sub Committees (Section79)

The Council has also established Sub-Committees, including:-

- a) Budget and Audit Steering Committee;
- b) Local Labour Forum;
- c) Ethics Committee;
- d) Youth Sub-Committee;
- e) Gender Sub-Committee;
- f) Risk Management Committee; and
- g) Human Resource Development Sub-Committee
- h) Ethics Committee

These meet on a regular basis to develop strategies and approaches to address challenges in connection with their specific areas of expertise.

## 2.1.1 THE POLITICAL STRUCTURE

Councillor T. Khuluse is elected as the Speaker of KwaDukuza Municipal Council in accordance with Section 36 of the Municipal Structures Act, and Section 160(1) (b) of the Constitution for the 2011 to 2015 electoral term. His legal obligations are, amongst other duties:

- To preside at meetings of the council;
- Perform duties and exercise the powers delegated to the Speaker in terms of Section 59 of Local Government Municipal Systems Act;
- Ensure that the Council meets on a monthly basis, and maintain order during Council meetings;
- Ensure compliance of the Council and Council Committees with the Code of Conduct for Municipal Councillors and
- Ensure that Council meetings are conducted in accordance with Rules and Orders of the Council.

In line with the Municipal Structures Act Section 60 (1) (a) (b) (c); a municipal council that has more than nine members, its Executive Mayor a) Must appoint a mayoral committee from among the councillors to assist the Executive Mayor; b) May delegate specific responsibilities to each member of the committee; and c) May delegate any of the Executive Mayor's powers to the respective members. All full-time councillors, except the Speaker and the Chief Whip, are members of the Mayoral Committee, with the Executive Mayor as its chairperson. Members of the Mayoral Committee are the various Section 70 Committee Chairpersons.



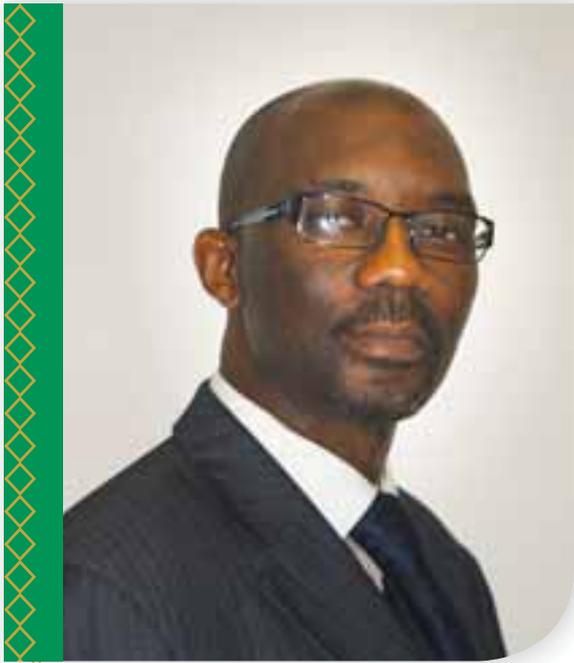
**The Mayor:** Cllr. NR. Mthembu



**Deputy Mayor:** Cllr. G. Govender

### THE EXECUTIVE MAYOR IS ELECTED BY COUNCIL TO COORDINATE THE WORK OF COUNCIL.

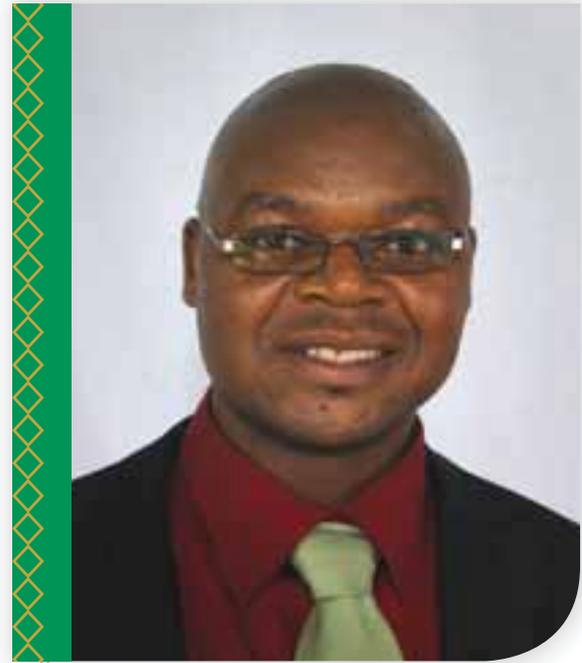
- He is the Political Head of Council.
- The Executive Mayor performs functions and duties as set out in the legal framework for Municipalities.
- He also performs duties as delegated to him by Council.



**The Speaker:** Cllr. T. Khuluse

**THE SPEAKER PERFORMS THE FOLLOWING FUNCTIONS:**

- Presides at meetings of Council;
- Performs duties and exercises powers delegated to him in terms of Municipal Systems Act;
- He must ensure that Council meets at least quarterly;
- He must maintain order during Council meetings;
- He must ensure compliance with the Code of Conduct by Councillors; and
- He must ensure that Council meetings are conducted in accordance with Standing Rules and Orders.



**Chief Whip:** Cllr. DW. Ndimande

**THE FUNCTIONS AND DUTIES OF THE CHIEF WHIP AMONGST OTHER THINGS ARE TO:**

- Ensure that Councillors attend to their duties and are accountable to their constituencies;
- He assists Council with the deployment of councillors to various Council Committees;
- He gives political management of Council meetings.



## 2.1.1 THE POLITICAL STRUCTURE ...continued



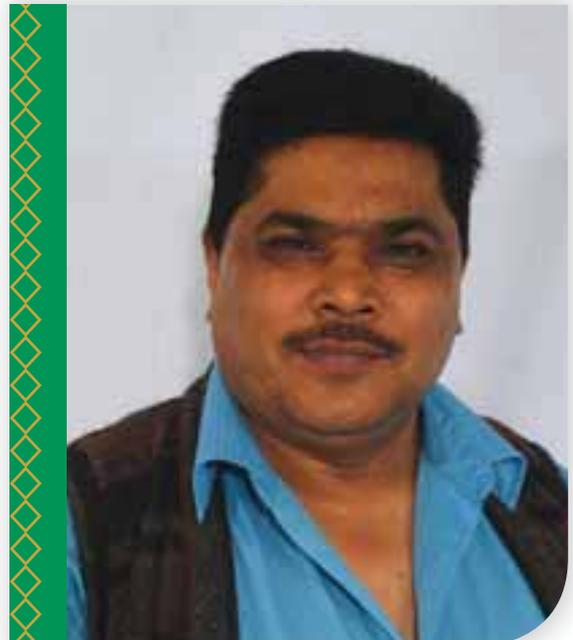
Cllr. MS. Mhlongo - **Exco Member**



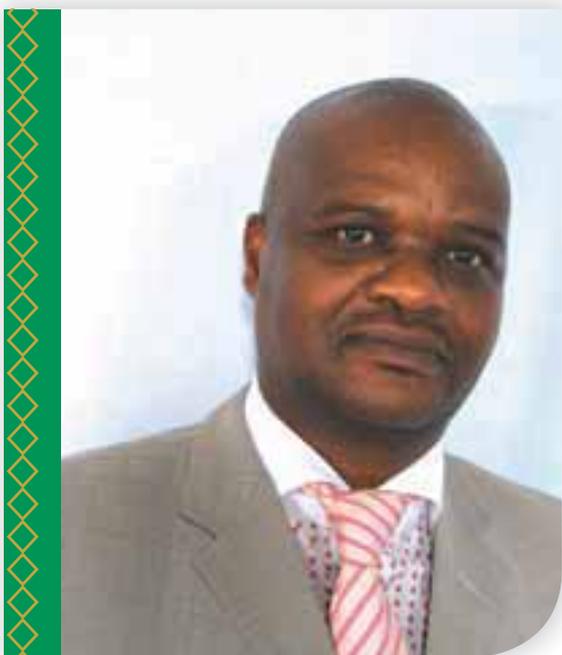
Cllr. SP. Mdletshe - **Exco Member**



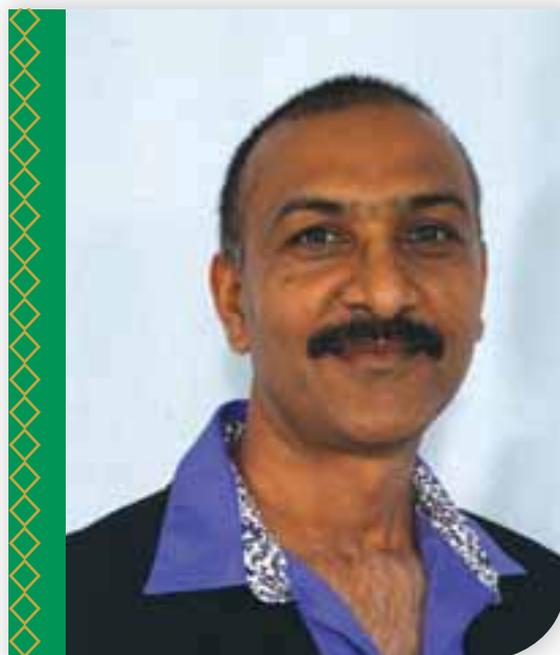
Cllr. A. McDonell - **Exco Member**



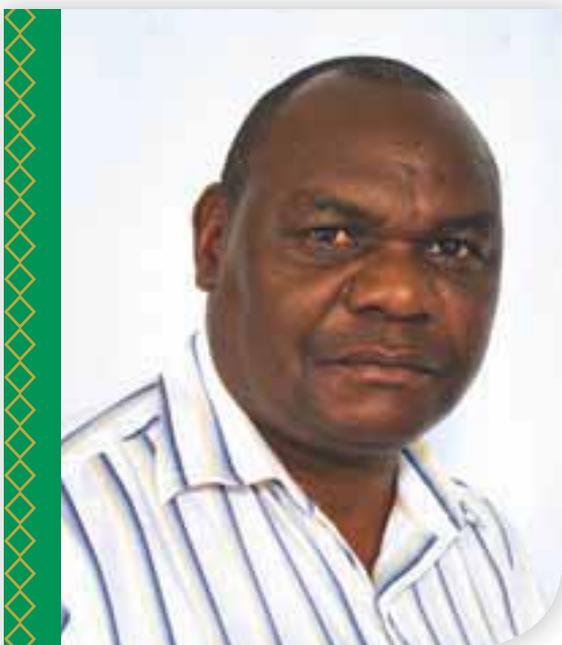
Cllr. MS. Sing- - **Exco Member**



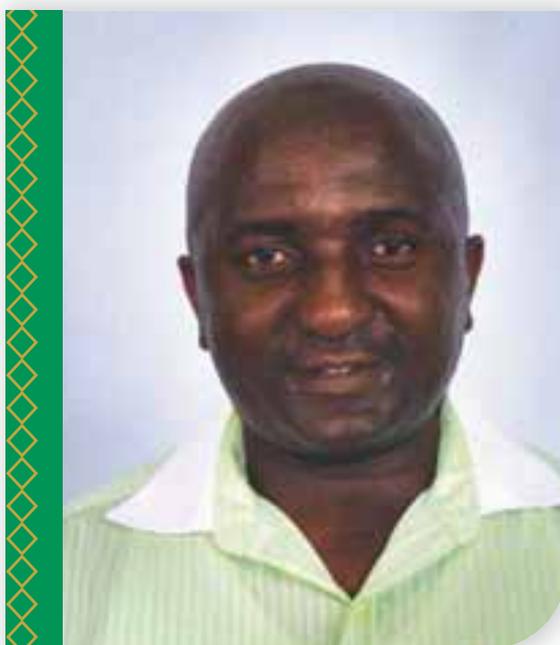
Cllr. SS. Gumede - **Exco Member**



Cllr. S. Oudhram - **Exco Member**



Cllr. JLT. Sibiya - **Exco Member**



Cllr. JM. Banda - **Exco Member**

## 2.1.2 LEADERSHIP AND GOVERNANCE

The Council continued its role as a strong and effective advocate, lobbying on behalf of our community for action on important local issues and continues to receive grants from other spheres of government and external bodies. The following high level goals and strategic objectives would guide the direction to be taken by the Council of KwaDukuza during the duration of their term of office.

Responsible Department	Key Performance Area	IDP Strategic Goal	IDP Strategic Objective
<b>CORPORATE GOVERNANCE</b>	<b>Good Governance and Public Participation</b>	Building a caring and sustainable local government that is responsive to the needs of the communities	To implement public participation programmes. To provide effective and efficient Internal Audit services for Council To manage institutional risks To facilitate a coordinated strategy for HIV and AIDS To facilitate alignment and integration of special programmes To implement a communication strategy
	<b>Municipal Transformation and Institutional Development</b>	Improved quality of service delivery and strengthening democratic processes	To enhance organisational development in line with community needs To implement a customer satisfaction Survey programme To promote inter-governmental relations To contribute to a safe and secure environment.
	<b>Local Economic Development</b>	Promote a safe and sustainable environment for economic growth and development	To stimulate economic growth
<b>CORPORATE SERVICES</b>	<b>Municipal Transformation and Institutional Development</b>	Enhance the institutional transformation and productivity through strategic administrative IT and Human Capital Support	To formulate and implement the HRD strategy To develop and implement priority skills programme To streamline administrative support processes and systems To reinforce stakeholder communications and participation To enhance institutional productivity through developing a renewed cadre of Local Public service To develop and roll out the Integrated ICT governance programme
<b>FINANCE</b>	<b>Financial Management and Viability</b>	Overcoming debt and achieving cost recovery on services provided	To ensure that the revenue of the municipality is collected and accounted for To ensure compliance with financial management prescripts To improve expenditure on Capital/Operational Budget To ensure compliance with financial management legislation, prescripts, best practices
<b>ECONOMIC DEVELOPMENT &amp; PLANNING</b>	<b>Local Economic Development</b>	Promote a safe and sustainable environment for economic growth and development	To stimulate economic growth To promote sports and recreation for a healthy KDM To contribute to a safe and secure environment. To provide strategic guidance for the future, physical/spatial development of KwaDukuza Municipal area To facilitate provision of formal housing
<b>TECHNICAL SERVICES</b>	<b>Basic Service Delivery</b>	Improved access to basic services	To upgrade the medium voltage network and substations to allow for natural expansion of demand and new developments To upgrade the low voltage to allow for natural expansion of demand To provide an acceptable level of lighting to all major roads, public open spaces and sports fields To ensure that all citizens have an electricity service connection To maintain and upgrade the existing roads infrastructure To maintain and upgrade the existing storm water infrastructure. To ensure that the municipal buildings are properly constructed and maintained.
<b>MUNICIPAL SERVICES</b>	<b>Basic Service Delivery</b>	Improved access to basic services	To ensure that the municipal buildings are properly maintained. To contribute to a safe and secure environment. To ensure that customers get good value for money To maintain and upgrade the sports and recreation facilities, To maintain and develop new cemeteries, To extend the waste management services to all wards, To maintain and upgrade beach amenities, To improve the Marine safety services, To upgrade the existing crematorium To establish new play parks in Council housing projects, To remove alien invasive To maintain and upgrade the existing Motor Licensing and Testing Facilities

Table 12: KDM Strategic Outcomes

## 2.1.3 ADMINISTRATIVE GOVERNANCE

The Municipal Manager heads the administrative structure of KwaDukuza Municipality and is assisted by six Heads of Departments (Executive Directors/ ED's). Depending on each department, each is further divided into a particular number of sub directorates headed by Directors. The ED headed departments are Finance, Corporate Services, Corporate Governance, Economic Development and Planning and Development Facilitation, Municipal Services & Technical Services.



**Municipal Manager:**  
Mr NJ. Mdakane

**Mr Mdakane is responsible for the performance in the following areas:**

- Setting up effective and sound local administration;
- Coordination and compilation of the Integrated Development Plan (IDP);
- Performance management system of the Municipality;
- Oversees the management of internal audit;
- Overall responsibility for finances of the Municipality;
- Advise Political Office Bearers and Council on various issues;
- Responsible for compliance of the Municipality with various pieces of legislation; and
- Ensures community participation in the affairs of the Municipality



**ED: Corporate Governance:**  
Mr Mandla Manzini

**Mr Manzini is responsible for providing strategic direction for the following areas:**

- Ensures compliance to all governance prescripts
- All legal matters of the KDM, compilation of legal reports, legal opinions and comments, drafting of loan and service agreements,
- Functionality of Performance Management of the municipality,
- Administrative management of Internal Audit and Risk Management,
- Management of Corporate Communications and IGR
- Administrative management of the IDP and Public Participation

## 2.1.3 ADMINISTRATIVE GOVERNANCE ...continued



**ED: Corporate Services:**  
Sithembiso Kubheka

**Mr Kubheka is responsible for the following areas:**

- Maintenance and promotion of healthy labour relations and HR management of staff with regard to matters such as staff recruitment, personnel development, personnel administration and employment equity;
- Controlling of statutes and all government and provincial gazettes;
- Controlling of archives and records of council;
- Building administration for the KDM and the Mayor's house;
- The provision of secretariat services for all Committees of the KDM as well as for Council meetings.



**Chief Financial Officer:**  
Shamir Rajcoomar

**The CFO is responsible for the performance in the following areas:**

- Financial Planning and Treasury;
- Supply Chain Management;
- Expenditure Control;
- Credit Control and Debtors;
- Revenue Control; and
- Asset Management



**ED: Municipal Services:**  
Cecil Viramuthu

**Mr Viramuthu is responsible for the strategic performance of the following key basic service delivery areas:**

- Community Safety and Community Services
- Law Enforcement/Traffic Policing
- Crime Prevention
- Social crime prevention
- Motor Licensing and Testing Services
- Fire and emergency services
- Waste Management Services
- Beach maintenance and Marine Safety
- Cemeteries and Crematorium
- Parks & Gardens
- Disaster Management



**ED: Technical Services:**  
Siyabonga Khanyile (Acting)

**The Acting ED, Mr Khanyile is responsible for ensuring basic service delivery and performance in the following key areas:**

- Civil Engineering services including, construction, maintenance, upgrading and expansion of municipal built assets,
- Roads and storm water drainage
- Programme management unit (PMU)
- Electrical Infrastructure, and
- Fleet Management



**ED: EDP:**  
Sikhumbuzo Hlongwane

**Mr Hlongwane is responsible for ensuring basic service delivery and performance in the following key areas:**

- Local Economic Development and Tourism,
- Delivering of sustainable and integrated Human Settlements,
- Development Planning and Building Control,
- Environmental Management,
- Libraries, Museums and Heritage,
- Sports Development,
- Youth Development
- Management of Community Halls and Multi-Purpose Community Centre (MPCC),

## 2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

IGR Act 13 of 2005 establishes a framework for the different spheres of government to promote and facilitate intergovernmental relations. The legislation further extends the principles of participation and co-ordination of joint programmes within a particular sphere of government.

The framework defines joint programmes as “Those programmes that transcend the conventional organisational boundaries in a planning, budgeting and implementation resulting in a number of departments/agencies/ ministries responsible for one aspect of the programme, although none is responsible for it in its entirety”.

KwaDukuza Municipality spear headed the formulation of the local IGR structure. Currently the municipality is participating provincially and within the district. All spheres of government are being utilised to fast track development and other issues that are faced by the municipality. Operation Sukuma Sakhe is a Programme headed by the Premier in the Province and is headed by the District Mayors in the Province. It is a call for the people of KwaZulu- Natal to be determined to overcome the issues that have destroyed the communities such as poverty, unemployment, crime, substance abuse, HIV & AIDS and TB. The OSS Programme is done in partnership with the community to work together to rebuild the basics of the society and the nation. Each Government Department in the District is represented in the District Task Team of the Operation Sukuma Sakhe which meets every alternate Tuesdays. Other Stakeholders in the OSS includes Non-governmental Organizations and Business Sector.

Operation Sukuma Sakhe brought a profound success on improving the lives of the people of KwaDukuza Municipality. With the establishment of war rooms in all 27 Wards a number of people have been assisted to receive social grants, housing and basic services. Operation Sukuma Sakhe programme encourages public participation in the affairs of government. Community members participate in war rooms where they sit with civil society and engage with government on their challenges.

All stakeholders work together to find solutions to the problems identified through household profiling. This means that, at all levels of authority and community, there is an understanding of issues within a community. The Mayor, the Councillors, the local conveners and everybody is on board because they come into contact with authentic information from the community through the war rooms. As a result community members are now taking responsibility and effecting change in their lives and the lives of others around them.

Sector Departments realise that Operation Sukuma Sakhe is a massive mobilisation of all stakeholders in the war against poverty, HIV, unemployment and other social ills that take place at ward levels. On every last Wednesday of the month the Local Task Team visits a certain war room to get reports on its functionality and monitor the working of all government departments in a particular war room.

The office of the Mayor ensures that all events and protocol services within the municipality are organised efficiently and that all events hosted within the municipality promote the economic, political and social wellbeing of the municipality.

The office co-ordinate the Council events and related protocol services, e.g. Mayoral Stakeholder meetings, significant national days, women, disabled and senior citizens events etc. This excludes council and executive council meetings. The coordination of these events is a responsibility of Corporate Services

This coordination role includes events organized in collaboration with National and Provincial government departments and Ministries. Participate and support the rationalization and consolidation of all the municipal directorates to ensure effective integration and effective utilization of municipal staff and resources. Special focus given to Umkhosi WoMhlanga and the Decade of Democracy Celebrations

Facilitate and support the co-ordination for all events hosted in the municipality. This includes providing KDM's political and administrative leadership regarding all events in the municipality and the arrival of any dignitaries from government and abroad to KDM.

Indeed, Operation Sukuma Sakhe in KwaDukuza is bringing to life the slogan “Government for the people, by the people.”

PROGRAMME	HIGHLIGHTS	CHALLENGES	CORRECTIVE MEASURE
Operation Sukuma Sakhe	<ul style="list-style-type: none"> <li>- Facilitated the building of houses for destitute families.</li> <li>- Coordination of Social Relief Vouchers from DSD for needy families who had nothing to eat.</li> <li>- Facilitate the taking of government services to the people by inviting sector departments such as home affairs, SASSA, DSD to visit communities and provide their services to the people.</li> <li>- Coordination of seed packs from Agriculture to handover to needy communities who have now started their vegetable gardens to support their families.</li> <li>- Coordinate and support war rooms in organising crime awareness campaigns, drug abuse campaigns, domestic violence campaigns</li> <li>- Ensuring functionality of 27 KDM war rooms by organising relevant workshops and meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited budget</li> <li>- Shortage of dedicated personnel.</li> <li>- Delays on certain sector departments to make requested interventions.</li> <li>- Lack of motivation to prioritise OSS</li> </ul>	<ul style="list-style-type: none"> <li>- Increase OSS Budget</li> <li>- Employment of dedicated personnel to deal with OSS</li> <li>- Intervention of Senior Managers to prioritise OSS</li> </ul>
IGR	<ul style="list-style-type: none"> <li>- Attending IGR forums both in District and Province</li> <li>- Supporting Directorates in ensuring alignment of municipal programmes to the District, Province and National government programmes.</li> <li>- Coordination of Council events</li> <li>- Coordination of Operation Sukuma Sakhe. A programme of government that involves inviting all municipal stakeholders to work together in addressing social ills. As a result people no longer walk long distances to access government services but all government services are now brought closer to the people, in war rooms.</li> <li>- Provide support and guidance to stressed community members who visit the office to lay complaints unsatisfied about treatment they receive from government officials.</li> </ul>	<ul style="list-style-type: none"> <li>- Shortage of dedicated personnel</li> </ul>	<ul style="list-style-type: none"> <li>- Employment of dedicated personnel</li> </ul>
PROTOCOL	<ul style="list-style-type: none"> <li>- Ensuring that all events and protocol services within the municipality are organised efficiently</li> <li>- Promote goodwill between councillors, officials and citizens</li> <li>- Provide protocol and event coordination services and that all events hosted within the municipality promote the economic, political and social wellbeing of the municipality</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of cooperation by Councillors to adhere to protocol</li> </ul>	<ul style="list-style-type: none"> <li>- Workshop</li> </ul>

**Table 13:** IGR Programme challenges and corrective actions

## 2.3 COMPONENT C: PUBLIC ACCOUNTS AND PARTICIPATION

### ALIGNMENT OF IDP, BUDGET AND MUNICIPAL PERFORMANCE MANAGEMENT PROCESSES & DATES

Major Activity	Detailed Activity	Time Frame	Responsibility
IDP/BUDGET PLANNING	Planning for the next three year budget begins in accordance with the coordination and preparation of the Budget/IDP process (MFMA S53 and S63)	July 2013	Municipal Manager, Chief Financial Officer IDP/Public Participation Director PMS Director, Deputy Director: Budgets
IDP - PUBLIC PARTICIPATION	Invitation of the interested parties to register in the 2013/2014 IDP Representative Forum Register	July 2013	Municipal Manager
BUDGET 2013/2014 FORMULATION & IDP 2013/2014 REVIEW PROCESSES IDP/Public Participation Director	Tabling to Council of the time schedule outlining key deadline for preparing, tabling and adopting the budget, reviewing of the IDP that should start 10 months before the start of the financial year  (MFMA S21) Adoption of the Budget/IDP Process Plan by the by the Council	August 2013	EXCO/Council; Municipal Manager Chief Financial Officer/ Budget Office IDP/Public Participation Director PMS Directors
INTEGRATE THE PMS WITH THE IDP	Institutionalize the reporting and performance auditing systems through the IDP Rep Forum	September 2013	MM / IDP/Public Participation Director Director: Legal, Policy & Advisory Services Internal Audit Director and PMS Director
IDP REVISION / PUBLIC CONSULTATION (REPORTS BACK)	Institutionalize the reporting and performance auditing systems through the IDP Rep Forum	September 2013	MM / IDP/Public Participation Director Director: Legal, Policy & Advisory Services Internal Audit Director and PMS Director
SECTORAL MEETING/PUBLIC PARTICIPATION	Adoption of the IDP Organisational Structures for the period between 2012/2013 Mayoral Izimbizos (Needs Review)	October – November 2013	Municipal Manager IDP/Public Participation Director
SECTORAL MEETING/PUBLIC PARTICIPATION	Meeting with sector departments in order to identify and incorporate their plans into KwaDukuza 2013/2014 IDP	October – November 2013	Municipal Manager All ED's/CFO IDP/Public Participation Director PMS Director; Director: Expenditure Deputy Director: Budgets
REVIEW THE DEVELOPMENT STRATEGIES	Review the Municipality's priority list of strategies and projects	November 2013	IDP/Public Participation Director All ED's Council
SECTORAL MEETINGS/PUBLIC PARTICIPATION	Collection of relevant information through IDP Rep Forum/ Multi-Sectoral Meeting Needs Analysis Process	November / December 2013	IDP/Public Participation Director All ED's Council
SECTORAL MEETINGS/PUBLIC PARTICIPATION	Collection of relevant information through IDP Rep Forum/ Multi-Sectoral Meeting Needs Analysis Process	November / December 2013	Mayor; Municipal Manager; IDP/Public Participation Director Director: Expenditure Deputy Director: Budgets

ALIGNMENT OF IDP, BUDGET AND MUNICIPAL PERFORMANCE MANAGEMENT PROCESSES & DATES ...continued

Major Activity	Detailed Activity	Time Frame	Responsibility
MUNICIPAL SECTOR PLANS	FINALISATION OF MUNICIPAL SECTOR PLANS	December 2013/ January 2014	Municipal Manager ; Chief Financial Officer IDP/Public Participation Director ED's; EXCO/Council
ADOPTION OF THE DRAFT IDP	Adoption of the First Draft IDP	February/March 2014	Municipal Manager; IDP/Public Participation Director All ED's; EXCO/Council
PUBLIC PARTICIPATION	IDP Roadshows/ Mayoral Izimbizo's – For the presentation of the draft IDP for comments and clarity. Preparation of final budget documentation for consideration of approval taking into account consultative processes and any other new information of material nature	April 2014	The Mayor IDP/Public Participation Director All ED's
IDP REVISION	IDP Rep Forum Meeting	First week of March 2014	IDP/Public Participation Director All ED's
IDP 2013/2014 REVIEW PROCESSES	Alignment of the 2013/2014 draft budget to the IDP	March 2014	Chief Financial Officer; All ED's IDP/Public Participation Director; PMS Director; Director : Expenditure; Deputy Director : Budgets
PUBLIC PARTICIPATION	IDP Rep Forum/Multi-Sectoral Meeting	April 2014	IDP/Public Participation Director
FINAL BUDGET	Preparation of the final budget documentation for consideration of approval, taking into account consultative processes and any other new information of material nature. <b>MFMA s 23</b>		
BUDGET/IDP	Adoption of both 2013/2014 Budget & the 2013/2014 IDP	May 2014	The Mayor
2013/2014 BUDGET	Submission of the Budget in the approved format to the Provincial and National Treasuries, Provincial and National COGTA	June 2014	Deputy Director - Budgets
2013/2014 IDP	Submission of the Adopted and Final 2014/2015 IDP to the MEC for Co-operative Governance & Traditional Affairs	June 2014	Municipal Manager  IDP/Public Participation Director

**Table 14:** IDP Process Plan

## 2.3.1 IDP ROADSHOWS/IZIMBIZO

In preparation for the review of the IDP for 2103/2014 financial year, IDP/ Mayoral Izimbizo took place between October 2013 and November 2013, all starting at different times of which most sessions took over three quarters of the day. The municipality visited 10 Wards and four ratepayers associations. Below are dates of IDP/ Mayoral Izimbizo

Mayoral Consultative Meetings			
Date	Ward	Venue	Time
12 October 2013	08	Nkobongo Community Hall	13h00
13 October 2013	12 23	Thembeni Community Hall Shayamoya Community Hall.	09H00 13h00
15 October 2013	19	R A Moodley Hall	18H00
19 October 2013	01	Sokesimbone Community Hall	09H00
20 October 2013	01 & 25	Sadloko	09H00
24 October 2013	22	Shakaskraal Primary School	18h00
27 October 2013	02 03	Nyathikazi Community Hall Emabhodweni Open Space	09H00 13h00
29 October 2013	11	Thandanani Community Hall	17H00
30 October 2013	06	Ballito Council Chamber	18h00
31 October 2013	15	Gledhow Creche	17H30
02 November 2013	13 16	KwaDukuza Multi-Purpose Centre Sunny Park	09H00 13H00
03 November 2013	04 10	Shakashead Community Hall Groutville Market Ground	09H00 13h00
06 November 2013	16	Stanger Heights Primary School	18h00
07 November 2013	17	Stanger Manor Library	18h00
09 November 2013	05 25	Extention 36, Community Hall Sakhuxolo Sportfield	09h00 13H00
10 November 2013	15 & 24 18	Sofaya Ground Tshelenkosi Secondary School	09H00 13h00
16 November 2013	14 & 26	Nevas Community Hall	13h00
17 November 2013	21 09	Driefontein Community Hall Hangoes Community Hall	09H00 13H00
24 November 2013	09	Malende Community Hall	13H00
26 November 2013	Home Owners' Association	Sangweni Tourism Centre	17H30

**Table 15:** Mayoral Izimbizo

The IDP Representative Forum meetings take place once a quarter where public representatives and sector departments are invited. Below is a schedule of Consultative Public Meetings that have been held in preparation for review of the IDP for 2014/2015 financial year:

## NATIONAL AND PROVINCIAL PROGRAMMES ROLLED OUT IN KWADUKUZA

### (a) Ward Committees

The new ward committee members were elected in line with the Municipal Structures Act of 1998 during the month of August 2011. KwaDukuza Municipality has 270 Ward Committees. The inauguration ceremony was held in December 2011. All ward committees are committed to serve their communities and not all are fully functional. The municipality has conducted a workshop to capacitate the ward committee component to ensure the ward committees are fully functional and effective.

Furthermore the municipality has set resources aside to assist with the operational costs of the ward committee structures to enrich public participation and therefore the IDP. Systems have also been put in place to effectively and efficiently deal with ward committee issues. The Speaker's Office is responsible for conducting monthly ward committee meetings to provide more support and ensure that issues that are deliberated at these meetings are service delivery based and that Council effectively address the issues raised



## 2.4 COMPONENT D: CORPORATE GOVERNANCE

Good Governance in general is widely recognized as providing the framework and tools required in ensuring that organizations are progressive and can operate in an effective and accountable manner. From a local government perspective, the framework reinforces the statutory authority and responsibility of a corporate body and assists the elected representatives and management in the delivery of quality and sustainable services.

One of the critical components in formulating a credible IDP is the level of participation by all three spheres of government. This is important as it ensures co-operative governance; this is core in our democratic society. It is important to acknowledge that the communities that we serve, view government as a single uniform structure, there is little regard for jurisdiction and the autonomous nature of these spheres. It is thus critical to establish effective inter-governmental relations; this is perhaps the most critical component of achieving efficient and effective service delivery.

The KwaDukuza Municipality has, over the years, advocated for greater synergy between all spheres of government providing services within its municipal area. The municipality has held successful engagements with provincial departments in an attempt to align municipal and provincial strategies in a manner that is responsive to the needs of the community. Below are the challenges identified in the governance component.

- The issue of alignment between financial years for all three spheres of government still poses some difficulty in terms of sourcing project information linked to budget allocation.
- Lack of co-operation and integration of actions by the various spheres of government

### 2.4.1 RISK MANAGEMENT - KEY RISK AREAS

While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Responsibility for the risk management resides mostly with line management in all departments however every employee is responsible for risk management. Risk Assessment workshops with management was conducted with an aim of ensuring that management understands the importance of managing risks for the benefit of the Municipality. The Municipality has put in place mechanisms to identify and assess risks and developed specific mitigating strategies, plans or actions should the need arise; and also records, monitors and reviews risks continuously.

A Risk Management Policy has been adopted by the Executive Committee. It enables management to proactively identify and respond appropriately to all significant risks that could impact on municipal objectives. The

Municipality has the MANCO Risk Management Committee which is made of the Municipal Manager, Head of Departments, Internal Audit Unit .its role is to guide the development and implementation of Risk Management and to review and monitor key performance areas of the municipality on a regular basis and bring critical risks to the attention of various committees within the municipality.

### ANTI-FRAUD AND CORRUPTION

Section 83(c) of the MSA, refers to implementation of effective bidding structures in order to minimise fraud and corruption and the MFMA 112 (1)(m)(i) identify supply chain measures to be implemented to combat fraud and corruption, favouritism, unfair and irregular practices. Section 115(i) further states that the Accounting Officer of a Municipality must take reasonable steps to ensure that mechanisms are in place to separate duties in the supply chain management section to minimise fraud and corruption amongst SCM officials. The KwaDukuza Municipality has developed a Fraud Prevention Policy during the 2009/2010 financial year.

#### THE POLICY ADDRESSES THE FOLLOWING:

- The need for all to demonstrate the highest standard of personal and corporate ethics,
  - The need for compliance with all laws and regulations and procedures,
  - That KwaDukuza Municipality values integrity and effort, not merely financial performance, in all dealings with staff, the public and suppliers,
  - The desire to be open and honest in all internal and external dealings,
  - That the policy applies consistently to all staff, whatever their level.
- This policy has been used during the 2013/2014 financial year with regards to various disciplinary cases. The Municipality is also in the process of creating a fraud hotline.

### 2.4.2 SUPPLY CHAIN MANAGEMENT

The council has developed its policy in line with the Supply Chain Management Regulations and the generic Supply Chain Management Policy issued by the National Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments to the policy are submitted to the Council of KwaDukuza and forwarded to the Provincial Treasury for review and comment. The Supply Chain Management is centralised in the Budget and Treasury office and In terms of chapter 11 of the Municipal Finance Management Act section 111, Council's Supply Chain Management policy structure encompasses the following aspects with the demand and performance management systems currently being built up to ensure full implementation of the SCM value chain.

All strategic positions remained filled throughout the financial year with the exception of the position of the Demand Manager which was created within the financial year and filled on 1 March 2013 to ensure that Council is able to respond to the need to streamline the demand management function as a critical tool for unlocking value and efficiency

in the supply chain management value chain. The function of the Buyer was being undertaken by the Demand Manager in the interim to ensure segregation of duties within the Acquisitions section.

## 2.4.2.1 ESTABLISHMENT OF BID COMMITTEES

In terms of the MFMA and the SCMP the Accounting officer must appoint members of different bid committees, namely Bid Specification, Evaluation and Adjudication. Accordingly the Municipal Manager has made the following appointments to aid with speeding up the turnaround times of bid committee and also to spread the work load amongst the managers tasked:

The Bid Specification Committee on comprises the following;

### a) TECHNICAL SERVICES AND HOUSING MATTERS Committee

#### 1. Mr. FM Mhlongo – Chairperson

2. Mr. N. Peters – Alternate Chairperson
3. Mr. Nhlakanipho Biyela
4. Ms Pamela Mkwanzazi.
5. Mr DK Sramulu

### b) NON TECHNICAL MATTERS:

#### 1. Ms. S Dube – Chairperson (Resigned)

2. Mr. I Milsom – Alternate Chairperson
3. Mrs Rashina Singh
4. Mr. Mandla Ngcamu
5. Mr. Farlan Naidoo
6. Mr. MW Zondi

The Bid Evaluation Committee comprising of the following members;

### c) TECHNICAL SERVICES AND HOUSING MATTERS:

#### 1. Mr. SM Khanyile – Chairperson

2. Mr M. Ntanta.– Alternate Chairperson
3. Mr. SC Viramuthu
4. Mr. N Ngwane
5. Mr. TG. Dube

### d) NON TECHNICAL MATTERS:

#### 1. Mrs NC Dlamini - Chairperson

2. Mr. Alec Chetty– Alternate Chairperson
3. Mr. Jean du Plessis
4. Ms LP Radebe
5. Mr C Pereira

### The Bid Adjudication Committee comprising of the following members;

#### 1. Mr. S. Rajcoomar (CFO) – Chairperson

1. Mr. S. Hlongwane (ED: EDP) – Alternate Chairperson
2. Mr. S. Kubheka (ED: CS)

3. Ms. S. Ncube (Dir.: Expenditure)

4. ED: Technical Services

### The Assets Disposal Committee comprising of the following members:

#### 1. Mr. Nollie Rabie – Chairperson

2. Mr. Farlan Naidoo
3. Mr. D. Van Rensburg

The SCM Policy Allows for the opportunity of aggrieved persons to lodge a written complaint or objection to the decisions taken by the municipality in the implementation of the SCM policy. Further is allows that the Municipal Manager may appoint an independent person to deal with the objections and complaints brought before the municipality which must be reported back to the Municipal Manager within a month. If the issues in not resolved within 60 days it may be referred to Provincial Treasury and thereafter if still not resolved the matter be referred to National Treasury. The Tender Appeals Committee will be outsourced until the Appeal Tribunal is set up by KZN Provincial SCM Unit. The members to this committee were officially appointed from 1st July 2013. The following is a list of formal objections, queries and complaints received during the 2012/2013 financial year.

### e) Training

Senior Management has already been trained on the SCM Module in the MFMP Training. There was an in-house induction of the bid committee members during 2012-13 but the change and redeployment of membership towards the end of 2012-13 then necessitated the SCM unit to request the KZN Provincial Treasury to conduct training for the new and old bid committee members. The training will be scheduled in the earliest of 2013/2014 so as to ensure inclusion of the new members of bid committees as appointed in June 2013.

### f) Code of Conduct

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Act 2003; Municipal Supply Chain Management Regulations, the Supply Chain Management policy of a Municipality is required to take into account the National Treasury's code of conduct for SCM practitioners and other role players. Since the adoption of the SCM such code of conduct became binding on all officials and other role players involved in the implementation of the SCMP of the Municipality (refer "Annexure A"). All members of bid committees and SCM role players have signed the Code of Conduct for the 2012/2013 financial year. These will be renewed annually within the first quarter to accommodate mobility of personnel within positions and portfolios.

### g) Sponsorship

Section 48 of Council's Supply Chain Management Policy states the following:

The Accounting Officer must promptly disclose to the National Treasury and the Relevant Provincial Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is

- o a provider or prospective provider of goods or services; or
- o a recipient or prospective recipient of goods disposed or to be disposed.

An invitation was extended to all Directorates to disclose any sponsorship received during the current financial year only. A register of disclosure will be maintained by the Office of the MM to capture gifts received by any employee.

In addition to this specific provision it is relevant to note the following provisions as well:

- a) Combating Abuse of the Supply Chain Management System subsection 38
- b) The Elimination of Fraud and other Irregularities subsection 49 of page 62
- c) Prohibition on Awards to persons in the Service of the State subsection 44
- d) Awards to close Family Members of Persons in the service of the Municipality or State subsection 45
- e) Ethical standards subsection 46

#### h) Declarations of interest

Any official participating in the Bid Committees must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality. Any official must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

Declarations in terms of subparagraphs (2)(d) and (e) -

- > must be recorded in a register which the Accounting Officer must keep for this purpose;
- > must be made to the Mayor of the Municipality who must ensure that such declarations are recorded in the register.
- > Declarations of interest by members are done at every meeting of Bid committees as a standing item on the agenda. Noted conflict of interests resulted in the recusal of the affected members in the deliberation of the relevant items by committees.

## 2.4.2.2 SCM CHALLENGES AND RECOMMENDATIONS

Challenges	Solutions
Due to budgetary constraints the municipality is unable operate on a full staff compliment thus compromising the turnaround times on requests by Departments.	Critical vacant positions to be filled in the first quarter of 2014/2015.
Service providers are not responding to requests for quotes timeously thus resulting in high number of section 16 & 17 of the SCMP and to mitigate this	The supplier database form will be reviewed in the first quarter of 2014/2015 to align with the supplier database commodities. Review and cleansing of the commodities on the supplier database to be representative of the procurement needs of the organization.
Service providers not delivering goods or services timeously	Monthly follow ups on outstanding orders will be initiated in the first quarter of 2014/2015
Poor turnaround times on requests for buying which negatively impact on service delivery	A system of monitoring of turnaround times on requests for buying will be implemented and reported monthly to Finance committee. The following turnaround times have been adopted; 4 day turnaround time has been committed on requests below R30 000, 10 day of requests between R30 000 and R200 000 and 86 days on tenders.
Directorates not complying with Demand Management guidelines by ensuring that Procurement Planning requirements are prioritised.	Procurement planning will be included in the performance contracts of all Executive Directors
Irregular expenditure incurred from doing business with persons in the service of the state	Transunion has been engaged to verify employment status of bidders at registration of the suppliers on the Kwadukuza Municipality suppliers' database. All tender awards are vetted for service of the state status before confirmation of award. Further all false declarations are dealt with in terms of MFMA circular 62 on enhancing compliance and accountability.
Monitoring of compliance and consistency in information served by Bid Committees	An SCM compliance checklist has been developed for circulation to all Bid Committees for observation at all meetings.

**Table 16:** SCM Challenges

## 2.4.3 BY-LAWS

The Council has developed a set of by-laws in line with the proclamation of standard by-laws by the provincial MEC for Local Government. The municipality has developed and adopted a number of policies and some are being developed.

### ○ **Constitution, 1996: Sect 156: Powers and Functions of Municipalities:**

- > A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer.
- > A by-law that conflicts with national (Acts) or provincial legislation (Ordinances) is invalid.

### ○ **Municipal Structures Act, 117 of 1998: Section 11(3):**

Council must exercise its legislative or executive authority by, inter alia, passing and implementing by-laws.

### ○ **Section 12: Executive and legislative authority states that:**

- > Only a member or committee of a municipal council may introduce a draft by-law in the council.
- > A by-law must be made with a supporting vote of a majority of council members.
- > No by-law may be passed by a municipal council unless the proposed by-law has been published for public comment in a manner that allows the public an opportunity to make representations with regard to the proposed by-law.

A By-Law only becomes effective from the date it is published in the Provincial Gazette and the Structures Act provides as follows:

### ○ **1.2.3 Section 13: Publication of by-laws. A by-law passed by a municipal council:**

- > Must be published promptly in the Provincial Gazette, and, when feasible, also in a local newspaper or in any other practical way to bring the contents of the by-law to the attention of the local community; and
- > Takes effect when published or on a future date determined in or in terms of the by-law.

### ○ **By-laws assist in:**

- > Addressing and regulating a particular situation or issue within the local community in, e.g. street trading, littering, nuisance, noise, parks, etc.

- > Legislating on the safety and comfort of the residents within the municipal area and ensuring that certain kinds of anti-social behaviour are prohibited and punished if the prohibitions are not observed.
- > Creating specific rights and obligations and informing people's interactions with the municipality through explicit regulatory mechanisms.
- > Giving effect to policy in a way that is legally-binding on the community

Policies
Learnerships Procedures & Guidelines Policy
Overtime Policy
Human Resource Policy
Risk Assessment Plan
Employment Equity Plan
Skills Development Plan
Recruitment and Selection Policy & Procedure
Employment Equity Plan
Housing Allocation Policy
Communication Plan
Rates Policy
Credit Control & Debt Collection Policy
Indigent Policy
Tariff Policy
Cash Management & Investment Policy
Borrowing Policy
SCM Policy
Virement Policy
Budget Policy
Funding & Reserves Policy
Asset Management Policy
Long Term Financial Planning Policy
Policy on Infrastructure, Invest. & Cap. Projects
Fleet Management Policy
Fraud Prevention Policy
Policy on Leases, Contracts
HIV & AIDS Policy
Ward Committee Policy & Procedure

**Table 17:** HR Policies

## 2.4.4 WEBSITE

In terms of the Municipal Systems Act, Section 21B of the Systems Act: Official website

- (1)** Each municipality must—
  - (a)** Establish its own official website if the municipality decides that it is affordable; and
  - (b)** Place on that official website information required to be made public in terms of this Act and the Municipal Finance Management Act.
- (2)** If a municipality decides that it is not affordable for it to establish its own official website, it must provide the information in terms of legislation referred to in subsection (1) (b) for display on an organised local government website sponsored or facilitated by the National Treasury.
- (3)** The municipal manager must maintain and regularly update the municipality's official website, if in existence, or provide the relevant information as required by subsection (2)  
In terms of Section 75 of the MFMA
- (1)** The Accounting Officer of a municipality must place on the website, in terms of section 21A of the Municipal Systems Act the following documents of the municipality:
  - The annual and adjustments budgets and all budget-related documents and all budget-related policies
  - All performance agreements required in terms of section 57(l) (h l of the Municipal Systems Act:
  - All service delivery agreements;
  - All long-term borrowing contracts;
  - All supply chain management contracts above a prescribed value: 20
  - 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)
  - Contracts to which subsection (nl) of section 33 apply, subject to subsection (3)
  - Public-private partnership agreements referred to in section 110:
  - All quarterly reports tabled in the council in terms of section 52(r); and
  - any other documents that must be placed on the website in terms of this Act 01-
  - any other applicable legislation, or as may be prescribed.
- (2)** A document referred to in subsection (l) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first. In terms of Section 21B, we are fully compliant.

In terms of Section 75 of the MFMA, we are compliant, however an audit needs to be conducted to ensure that all Municipal Documents as per above section is being submitted and being advertised. The ICT Department also maintains a website register to record all documents received for publishing on the website.

### INTRANET

The Intranet has been updated with information received from Directorates. The site has a calendaring feature for the scheduling of meetings. More content needs to be added, and it will be imperative if each Directorate appoints a Champion to deal with content. Training will be held will all staff dealing with the website and intranet (date to be confirmed). A consultative process will be held with Communications Division regarding the Management of the Website and Intranet

## 2.4.5 PUBLIC SATISFACTION WITH MUNICIPAL SERVICES

The iLembe District Municipality received a total budget of R1 130 000 grant to facilitate the customer satisfaction survey in the iLembe District. The survey assisted the family of municipalities within the iLembe District to assess their performance in relation to the services that they deliver to the communities and again enhance the relationship between the municipality and external customers. This survey on customer satisfaction formed part of improving service delivery in the municipalities.

## 2.4.6 MUNICIPAL OVERSIGHT COMMITTEES

Exco and Council perform the overall oversight over the administrative component of the municipality, however, the Council also have selected committees to play oversight role and report to Council. The following committees have been established in terms of the relevant legislations.

### 2.4.6.1 PERFORMANCE AUDIT COMMITTEE & AUDIT COMMITTEE

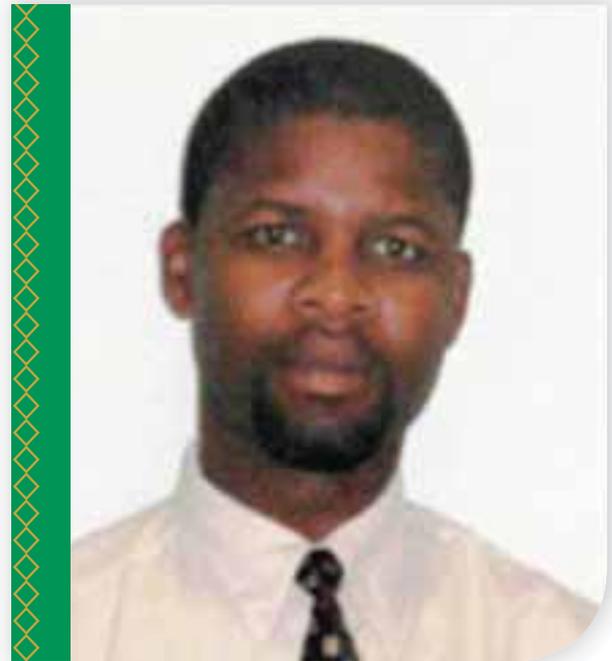
The Council is required by law to establish:

- a)** An Audit Committee;
- b)** A Performance Management Audit Committee; and
- c)** A Risk Management Audit Committee.

The Audit Committee operates under a Charter approved by the Council and submits reports on its activities to the Council twice annually. However, to improve communication between the Audit Committee and the Council, the Mayor and the Chairperson of the Municipal Public Accounts Committee have a standing invitation to attend all meetings of the Audit Committee.



**Chair - Audit Committee**  
Wendy Oelofse



**Chair - Performance Audit Committee**  
Zwile Zulu

### AUDCOM MEMBERS:

- Mr B Mdletshe
- Mr D Bosch
- Mr G Oldman
- Mr P Mntambo

## 2.4.6.2 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Following the guidelines of the Department of Co-operative Governance and Traditional Affairs the Council has established a Municipal Public Accounts Committee. The Committee consists of 5 Councillors of the Municipality, who are not members of the Executive Committee. The Chairperson of the committee is appointed by the Council. The functions of the Committee include examination of the Annual Report of Council and the development of the Annual Oversight Report based on the Annual Report and other service delivery related matters. It initiates any investigation in its area of competence and performs any other function assigned to it by resolution of the Council. The Committee also examines:

- a) The financial statements of all executive organs of Council;
- b) Any audit reports issued by the Auditor General on the affairs of the Municipality and its Municipal Entity.
- c) Any other financial statements or reports referred to the Committee by the Council;



**Chairperson of MPAC**  
Cllr. L. Nhaca

Members of MPAC:

- o Cllr. RN. Pakkies
- o Cllr. C. Ndlovu
- o Cllr. S. Mfeka
- o Cllr. S. Ngwane
- o Cllr. TN. Khumalo
- o Cllr. NP. Dube
- o Cllr. EM. Kolia
- o Cllr. CR. Marsh
- o Cllr. MSC. Motala
- o Cllr. SD. Mashiya

The municipality has 2 committees to assist the municipal manager in the discharge of his duties in terms of Supply Chain Management Policy 50. An internal objections committee composed of SCM and Legals personnel, who are non-members in any of the council tender committees, is in place to address all objections from bidders. Secondly council has adopted the district Municipal Bids Appeals Tribunal set up by the KZN Provincial Treasury to deal with appeals relating to any objections or in terms of the Supply chain management policy 50. In the 2013/2014 financial year, only tender MN83/2013 for the KDM Testing station bridge was referred to the Municipal Bids Appeals Tribunal and the matter was decided in the 3rd quarter of the financial year. Listed below are the objections received by the municipal manager in the 2013/2014 financial year. The register of appeals is indicated below

## TENDER APPEALS COMMITTEE

The municipality has 2 committees to assist the municipal manager in the discharge of his duties in terms of Supply Chain Management Policy 50. An internal objections committee composed of SCM and Legals personnel, who are non-members in any of the council tender committees, is in place to address all objections from bidders. Secondly council has adopted the district Municipal Bids Appeals Tribunal set up by the KZN Provincial Treasury to deal with appeals relating to any objections or in terms of the Supply chain management policy 50. In the 2013/2014 financial year, only tender MN83/2013 for the KDM Testing station bridge was referred to the Municipal Bids Appeals Tribunal and the matter was decided in the 3rd quarter of the financial year. Listed below are the objections received by the municipal manager in the 2013/2014 financial year. The register of appeals is indicated below

Name Of Objector	Date Received	Description	Final Outcome	Date Closed	Appeal Y/N	Comments
Camson investments	2013/07/22	Tender mn 60/2013 - ward 25 roads resurfacing and stormwater upgrade	Resolved	2013/07/23	N	Tender objected against the award. The tenderer's cidb certificate had expired therefore not considered for award.
Thorington- smith and silver obo clients lwazi projects	2013/08/05 2013/08/19	Tender mn 83/13 - testing station bridge - service provider appealed the award made as his tendered price was lower	Referred to tec for re-evaluation		Y	Letter sent from scm to service provider 12/08/2013 - referred to mbat - tender referred to tec as per judgement
Wonke amakosikhazi	2013/08/08	Same as above	Appeal withdrawn		N	Appeal referred to mbat - tenderer withdrew his appeal
Fuyatha security	2013/08/26	Tender mn 194/2013 - security service tender :- service provider lodged an appeal as he was not permitted to participate in the site brief meeting and the tendering process. He claims to have arrived early to purchase the tender doc but due to the long queue missed the cut of time	Resolved	2013/08/30		Appeal resolved by scm via office of the mm. No grounds for appeal
Nirvan kawulesar and co obo clients k9 security	2013/08/30	Tender mn 194/2013 - security service tender :- service provider lodged an appeal as he was not permitted to participate in the site brief meeting and the tendering process. He claims that the advert was defective.	Resolved	2013/09/04		Appeal referred to the office of the mm and the legal section and resolved.
Rocky park value centre	2013/08/07	Tender mn 281/2012 - electricity vending machines - appeal received outside the 14days appeal period	Resolved	2013/08/12	N	Appeal resolved by scm via office of the mm. No grounds for appeal
Uphahla security	2013/09/20	Objection lodged - tenderer wished to lodge an objection against g4s bidding for the provision of security services	Resolved			Not yet evaluated - regulation 49 of the scmp does not apply
F du toit	2013/09/10	Moteko extension of contract	Resolved			Public member objection on the extension of contract
Docra	2013/09/12	Moteko extension of contract	Resolved			Public group objection on the extension of contract
Consolidated power projects	2013/11/19	Tender no. Mn 218/2013: replacement of dc batteries and chargers phase – 2	Resolved	2013/11/20	N	Tenderer wished to be advised as to why they have been unsuccessful
Langa electrical	2013/11/26	Tender no. Mn 152/2013: construction of kwadukuza lavoipierre sub station- 33kv feeder bay refit	Resolved	2013/11/27	N	Tenderer wished to be advised as to why they have been unsuccessful
Amagambushe construction	18-Dec-13 03-Jan-14 21-Jan-14	Tender mn 199/2013: kerb and drainage for scheffer road (manor liquor store)	Resolved	30-Jan-14	N	Tender wished to be advised as to why they have been unsuccessful

The register of appeals is indicated below ...continued

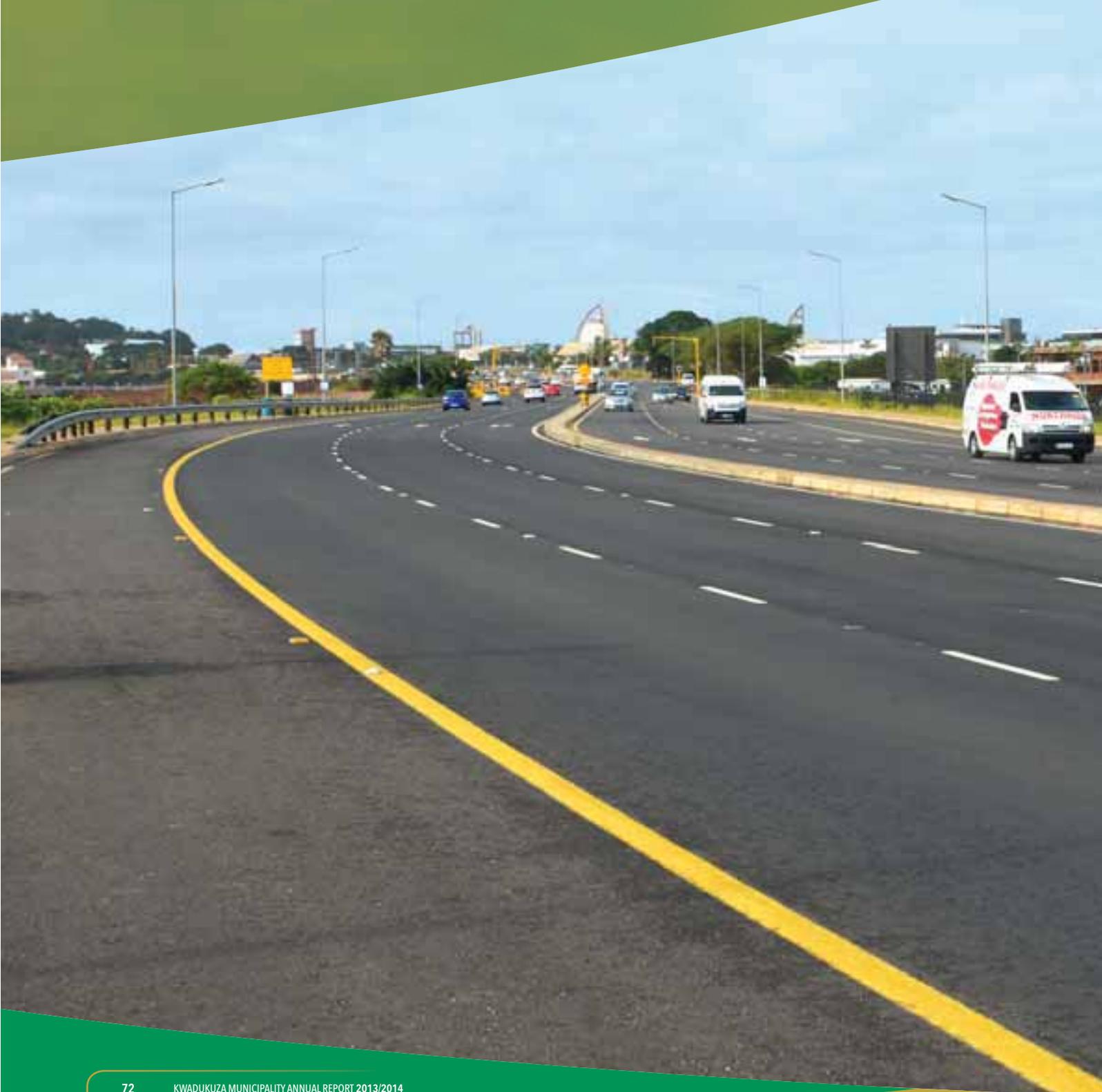
Name Of Objector	Date Received	Description	Final Outcome	Date Closed	Appeal Y/N	Comments
Langa electrical contractors cc	13-Dec-13 15-Jan-14	Tender mn 269/2013 – contractor to perform cable repairs and supply of material during “normal” working hours and “after hours”	Resolved	20-Jan-14	N	Tenderer wished to be advised as to why they have been unsuccessful
Zululand steam	15-Jan-14	Tender no. Mn 209/2013: supply and installation of street lights cluster a, b, c	Resolved	20-Jan-14	N	Tenderer wished to be advised as to why they have been unsuccessful
YEBO YS	13-Jan-14	Tender No. Mn 267/2013 –Mv Upgrades Southern 2013/2014	RESOLVED	27-Jan-14	N	tenderer wished to be advised as to why they have been unsuccessful
RCGL CONSULTANTS	31-Jan-14	Tender Mn 118 / 2013: Black Economic Empowerment Implementing Agent For Kwadukuza Ward 9 Hangoes Housing Project To Be Procured Through Turn Key Contract Strategy	RESOLVED	31-Jan-14	N	tenderer wished to be advised as to why they have been unsuccessful
RCGL CONSULTANTS	31-Jan-14	Tender No 119/2013: Ward 18 Monkeytown Housing Projects	RESOLVED	31-Jan-14	N	tenderer wished to be advised as to why they have been unsuccessful
SMA CONSULTANTS	04-Feb-14	Tender No 119/2013: Ward 18 Monkeytown Housing Projects	RESOLVED	05-Feb-14	N	tenderer wished to be advised as to why they have been unsuccessful
		Tender Mn 118 / 2013: Black Economic Empowerment Implementing Agent For Kwadukuza Ward 9 Hangoes Housing Project to be Procured Through Turn Key Contract Strategy				
		Tender Mn116/Kwadukuza: Ward 25 Sansouci and Ohlange Housing Project to be secured through Turn Key Contract Strategy				
		Tender Mn117/ 2013: Kwadukuza Ward 3 Kwatwele Housing Project To Be Secured Through Turn Key Contract Strategy				
FB CONSULTING	20-Feb-14	Tender Mn 228/2013: Upgrade To Beach Ablution and Life Guard Facilities – Salt Rock	RESOLVED	21-Feb-14	N	Tenderer wished to be advised as to why they have been unsuccessful
CONPACK BUILDING CIVILS	25-Feb-14	Tender No: Mn167/2013 - Woodmead Transport Node (Ward7)	RESOLVED	28-Feb-14	N	Tenderer wished to be advised as to why they have been unsuccessful
ELECTROTECH ELECTRICAL	06-Mar-14	Tender Mn 245/2013 – Groutville Priority 5 Electrification	RESOLVED	07-Mar-14	N	Tenderer wished to be advised as to why they have been unsuccessful
LANGA ELECTRICAL	24-Mar-14	Tender Mn 264/2013 - Low Voltage Street Light Repairs	RESOLVED	25-Mar-14	N	Tenderer wished to be advised as to why they have been unsuccessful
HBC INVESTMENTS & JV PARTNERS	27-May-14	Tender Mn 211/2013 - Golf Course Redevelopment	RESOLVED	17-Jun-14	N	Appeal received outside the 14 days appeals period
MAYAKA PROJECTS	17-Jun-14	Cq 1260/05 - Mr Price Pro Cabins	RESOLVED	23-Jun-14	N	Appeal Withdrawn

**Table 18:** Register of Appeals



# Chapter 03

## Annual Performance Report





# INTRODUCTION:

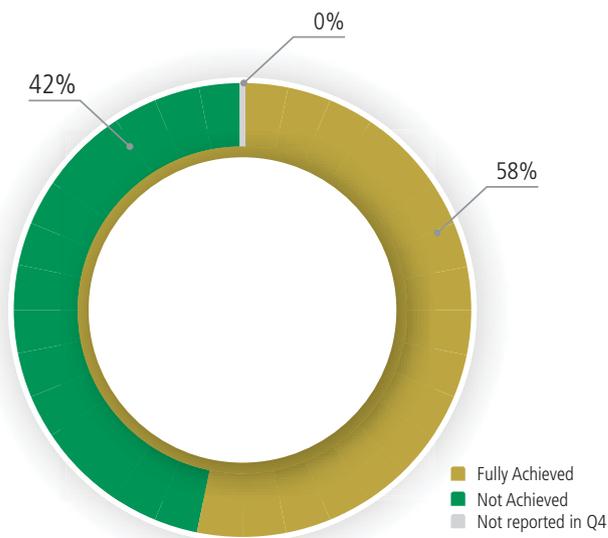
## BUDGET SPENDING:

Expenditure as at the end of June 2014 is 77.1%. However, the overall capital expenditure as at the 30th of June 2014 is R225 513 777 which indicates 47.5% (48%) overall capital expenditure for the year. There was an increase in capital expenditure in 2014 of 21% from the capital expenditure in 2013 which was at 27%.

## STRATEGIC OBJECTIVES:

Out of the total of 33 objectives contained within all 5 National KPA, there are 284 performance indicators and 283 planned targets in the Organisational Scorecard, 163 targets were fully achieved, 119 were delayed and would need intervention in the first quarter of 2014/2015. There is only 1 indicator which was not reported. The overall performance on achieved targets is calculated at 58% as graphically illustrated below:

## ANNUAL OVERVIEW

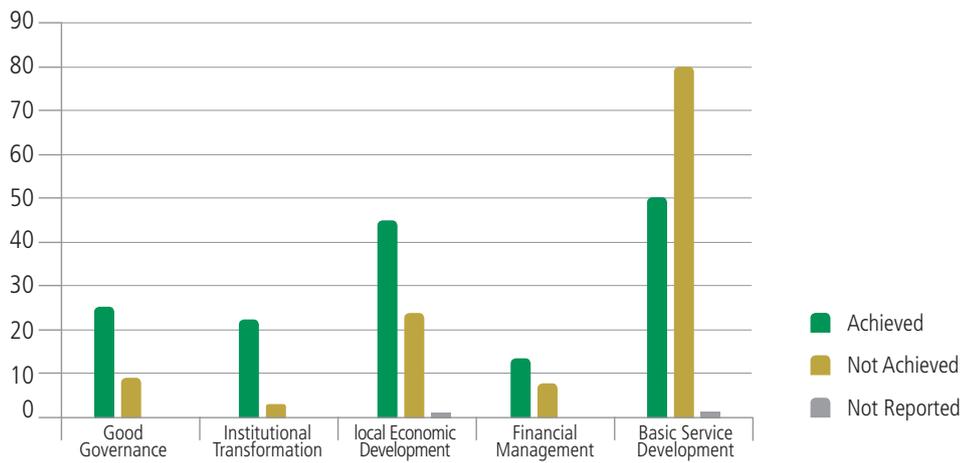


## COMPARISONS OF PERFORMANCE FROM QUARTER TO QUARTER:

Legend	Q1 Actual	Q1 %	Q2 Actual	Q2 %	MID-TERM TARGET	Mid-Year Actual	Mid-Year YTD %	Q3 Actual	Q3 %	Q4 Actual	Q4 %	13/14 Annual achieved	% Annual achieved
Achieved	198	55%	173	48%	721	371	51%	28	55%	21	41%	157	55%
Not Achieved	69	19%	73	20%	721	142	20%	8	16%	5	10%	126	45%
Partially Achieved-in good progress	53	15%	83	23%	721	136	19%	10	19%	8	16%	0	0
Not Planned for Q4	39	11%	23	6%	721	62	9%	3	6%	0	0%	0	0
Not reported	1	0.3%	9	3%	721	10	1%	2	4%	4	8%	1	0.3%

## Overview of National KPAs:

KPA	No. of Strategic Objectives	No. of Indicators	Targets	Achieved	Not Achieved	Not Reported
Good Governance & Public Participation	6	34	36	30	6	0
Local Economic Development	4	71	71	45	25	1
Institutional Transformation	8	26	27	24	3	0
Financial Management & Viability	4	22	22	14	8	0
Basic Service Delivery	12	131	127	50	77	0
<b>TOTAL</b>	<b>34</b>	<b>284</b>	<b>283</b>	<b>163</b>	<b>119</b>	<b>1</b>
<b>% Achievement</b>				<b>58%</b>	<b>42%</b>	<b>0.4%</b>



## CONCLUSION:

The analysis above reflects performance as at the end of June 2014. There are still issues with the submission of POE relevant to the reported performance information. The Accounting Officer would need to take a firm approach for those Departments who are still not compliant. This results to our pre-determined objectives being unreliable and cannot be verified by the Auditor-General. The Accounting Officer needs to hold every Executive Director accountable for the performance of their directorates and mechanisms to deal with non-compliance would need to be effected if we are to receive Clean Audit by the end of 2014/2015 Financial Year. The PM&E unit has put mechanisms in place to address the issue of POEs, however, they cannot do that without the support of the Departments who are the custodians of this information.



## 2013/2014 ANNUAL PERFORMANCE REPORT

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
OPMS 01	Local Economic Development	OPMS 01 Local Economic Development	Number of youth development programmes undertaken		6 youth development programmes conducted.	16 youth development programmes undertaken	8 youth development programmes undertaken	Target not met	Red
OPMS 02	Local Economic Development		Nr of jobs created through a municipality's local economic development initiatives including capital projects. (NKPI)		2270 jobs created	1200 jobs created through LED initiatives and capital projects by 30 June 2014	819 jobs created through LED initiatives and 450 jobs created through Capital Projects, in total 1269 jobs created.	Target exceeded	Green
Org:9.1	Local Economic Development		Number of KwaDukuza LED Projects supported by SECO		New indicator	2 LED projects supported by SECO by June 2014	1 LED project supported by SECO	Target not met Ensure that all agreements are signed and Project Contracting Unit is established.	Red
Org:9.2	Local Economic Development		% Implementation of Swiss Economic Corporation Programme Inception phase		New indicator	100% Implementation of Swiss Economic Corporation Programme Inception phase by June 2014	5% - Final Draft documents (TORS for all Committees, MOA between KDM, ILM, Mandeni, National Treasury and DEDT	Target not met Ensure that all agreements are signed and Project Contracting Unit is established.	Red
Org:9.3	Local Economic Development		Number of Community Gardens Groups supported by KDM		New indicator	15 community garden groups supported by June 2014	24 community garden groups supported	Target exceeded	Green
Org: 9.5	Local Economic Development		Number of agricultural infrastructure developed or rehabilitated		3 agricultural infrastructure rehabilitated	1 agricultural infrastructure developed or rehabilitated by June 2014	Approval received on the plan to rehabilitate Zamani Hydroponics project.	Target not met Project will be completed in the new financial year	Red
Org: 9.6	Local Economic Development		Number of New trading permit issued		247 trading permits issued.	300 trading permits issued by January 2014	310 trading permits issued	Target exceeded	Green
Org: 9.7	Local Economic Development		Number of tourism shows attended		3 Tourism shows attended.	4 tourism shows attended by June 2014	4 tourism shows attended	Target met	Green
Org: 9.8	Local Economic Development		Number of tourism enterprise development held		2 enterprise development shows held.	2 tourism enterprise development held by June 2014	1 tourism enterprise development held	Target not met Encouraging tourism enterprises to register with the Province through issuing of adverts and circulating information through emails.	Red
Org: 9.8(a)	Local Economic Development		% Destination Brand developed and approved		New indicator	100 % Tourism destination brand developed and approved by 30 June 2014	0%	Target not met Council and tourism industry has to accept the Tourism KZN guidelines on destination branding. A council resolution will be adopted.	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status	
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>										
Org: 9.8(b)	Local Economic Development	OPMS 01 Local Economic Development	% Website Redevelopment completed		New indicator	100% tourism website redeveloped	100% Live new tourism website done	Target met	Red	
Org: 9.8(c)	Local Economic Development		% Community Tourism Association established		New indicator	100% Community Tourism Association approved	20%- draft constitution and tourism association established	Target not met	Green	
Org:9.9	Local Economic Development		Number of people visiting Ballito Street Heroes		New indicator	6000 people visiting Ballito Street Heroes by 31 December 2013	4950 people visiting Ballito Street Heroes	Target not met	Red	
Org:9.10	Local Economic Development		Number of events held during Mr Price Pro		New indicator	3 New additional events held over Mr Price Show	6 New additional events held over Mr Price Show	Target exceeded	Red	
Org:9.12	Local Economic Development		Number of learners benefiting through school visits by Youth Development Unit		New indicator	2300 learners serviced by Youth Office by June 2014	3476 learners serviced by Youth Office	Target exceeded	Green	
Org:9.13	Local Economic Development		Number of youth development outreach projects undertaken		New indicator	16 youth development outreach projects undertaken by June 2014	11 youth development outreach projects undertaken	Target not met Ensure that adequate budget is made available for youth development projects in the new financial year.	Red	
Org:9.14	Local Economic Development		Number of learners benefiting from Dress a Child campaign		New indicator	200 learners benefiting from Dress a Child campaign by June 2014	200 learners benefiting from Dress a Child campaign	Target met	Green	
Org:9.15	Local Economic Development		SO:1.1.1 To stimulate economic growth	Number of career advice programmes undertaken		33 advice programmes conducted.	8 career advice programmes undertaken by June 2014	16 career advice programmes undertaken	Target exceeded	Green
Org:9.16	Local Economic Development			Number of young entrepreneurs benefiting from NYDA programmes		247 young entrepreneurs benefited from NYDA.	10 young entrepreneurs benefiting from NYDA programmes by June 2014	133 young entrepreneurs benefiting	Target exceeded	Green
Org:9.17	Local Economic Development			Nr of youth mass skilling programmes implemented		155 youth entrepreneurs benefiting.	4 Youth mass skilling programmes implemented by June 2014	4 Youth mass skilling programmes implemented	Target met	Green
Org:9.18	Local Economic Development	Number of outdoor advertising approval issued			New indicator	150 outdoor advertising approval issued by June 2014	87 outdoor advertising approval issued	Target not met Public education to public and encourage compliance	Red	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
Org:9.19	Local Economic Development	SO:1.1.1 To stimulate economic growth	Number of Outdoor Advertising contracts issued for advertising opportunities.		New indicator	3 Outdoor Advertising contracts issued for advertising opportunities by 31 March 2014	4 Outdoor Advertising contracts issued for advertising opportunities	Target exceeded Tender process will be fast-tracked and it will run parallel with the process of terminating current illegal operating service providers.	Green
Org:9.20	Local Economic Development		Number of illegal outdoor adverts removed		3631 illegal adverts removed.	1200 illegal outdoor adverts removed by June 2014	7743 illegal outdoor adverts removed	Target exceeded	Green
Org:9.21	Local Economic Development		Number of environmental forum sessions held		6 environmental safety forum meetings held.	6 environmental forum sessions held by June 2014	8 environmental forum sessions held	Target exceeded	Green
Org:9.22	Local Economic Development		Number of environment awareness events held		13 awareness campaigns conducted.	12 environment awareness events held by June 2014	32 environment awareness events held	Target exceeded	Green
Org:9.23	Local Economic Development		Number of Street Names approved by Council		New indicator	approval of street names for 15 areas by March 2014	approval of street names for 8 areas	Target not met Encourage ward committees and general public to submit motivations and names for streets, buildings and other public facilities.	Red
Org:9.24	Local Economic Development		Number of Street Names installed		New indicator	Installation of street names for 8 'public' townships by June 2014	0	Target not met Fast-track development of specifications and advertisement for a contractor to design, deliver and install of street names before end of September 2014.	Red
Org:9.25	Local Economic Development		Number of EIA/ Scoping Report Application comments issued to applicant		New indicator	4 EIA/ Scoping Report Application comments issued by June 2014	17 EIA/ Scoping Report Application comments issued	Target exceeded	Red
Org:9.27	Local Economic Development		% Development of KDM Green Houses Gas (GHG) Inventory		New indicator	100% Development of KDM Green Houses Gas (GHG) Inventory by June 2014	20% development of KDM Low Emission Development Action Plan	Target not met	Green
Org:9.28	Local Economic Development		% development of KDM Low Emission Development Action Plan		New indicator	100% development of KDM Low Emission Development Action Plan by June 2014	Action plan in process. KDM marketing video concept meeting with internal departments	Target not met	Red
Org:9.30	Local Economic Development	Number of internal projects supported to receive EIA/ Environmental authorisation		New indicator	3 internal projects supported to receive EIA/ Environmental authorisation by June 2014	12 internal projects supported	Target exceeded	Red	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
Org:9.31	Local Economic Development	SO:1.1.1 To stimulate economic growth	Number of Environmental Compliance notices issued		New indicator	8 Environmental Compliance notices issued by June 2014	10 Environmental Compliance notices issued	Target exceeded	
Org:9.33	Local Economic Development		Number of approved development plans		3 development plans approved.	4 approved development plans by June 2014	2 development plans approved and service providers appointed.	Target not met The service provider will be monitored and supported to complete their projects within agreed time frames.	
Org:9.34	Local Economic Development	To provide strategic guidance for the future, physical/ spatial development of KwaDukuza Municipal area	% turnaround time on PDA approvals		0 approvals	Approve 80% of PDA applications submitted within legislated time frames (90 days) by June 2014	33%	Target not met Finalised SLA for developers and this will ensure that all applications are processed on time.	
Org:9.35	Local Economic Development		Number of planned enforcement operations conducted		New indicator	4 planned enforcement operations conducted by June 2014	5 planned enforcement operations conducted	Target exceeded	
Org:9.36	Local Economic Development		Number of prosecutions commenced with for 'repeat' offenders not complying with relevant legislations		New indicator	8 prosecutions commenced with, by June 2014	11 prosecutions commenced with	Target exceeded	
Org:9.37	Local Economic Development		Number of building plans approved per year		775 building plans approved.	800 building plans by June 2014	813 building plans	Target exceeded	
Org:9.38	Local Economic Development		Number of buildings inspected		1009 buildings inspected.	1300 inspections conducted by June 2014	1263 inspections conducted	Target not met. Outsource more staff in this section to fast track service delivery.	
Org:9.39	Local Economic Development		Number of compliant notices issued		271 compliant notices issued.	80 compliant notices issued by June 2014	225 compliant notices issued	Target exceeded	
Org:9.40	Local Economic Development		Percentage of compliant notices responded successfully.		New indicator	60% of Notices responded to by developers by June 2014	5% of Notices responded to	Target not met Legal Dept will be further engage to expedite their actions or advise on number of issues	
Org:9.41	Local Economic Development		Number of Occupation Certificates issued per Annum		New indicator	400 Occupation Certificates Issued by June 2014	358 Occupation Certificates Issued	Target not met Dependant on public submissions. Contraventions also being dealt with	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
Org:9.42	Local Economic Development	To provide strategic guidance for the future, physical/spatial development of KwaDukuza Municipal area	Number of Reports submitted on Shared Services Implementation		New indicator	2 reports submitted to Council by June 2014	1 reports submitted to Council	Target not met Assessment and strengthening of the relationship with Ndwedwe LM has contributed in submitting a report to council.	
Org: 9.43	Local Economic Development	To promote sports and recreation for a healthy KDM	Number of schools participating in schools sport and tournaments		85 schools participating.	18 schools participating in schools sport and tournaments by June 2014	36 schools participating in schools	Target exceeded	
Org: 9.44	Local Economic Development		Number of athletes participating in sports programmes		2874 athletes participating.	2200 athletes participating in sports programmes by 30 June 2014	2926 athletes participating in sports programmes	Target exceeded	
Org: 9.45	Local Economic Development		Number of sport activity coordinated		9 sports activities coordinated.	8 sport activities coordinated by June 2014	10 sport activities coordinated	Target exceeded	
Org: 9.46	Local Economic Development		Number of sports programme supported by other partners		3 sport programmes supported.	3 sports programme supported by other partners by March 2014	6 sports programme supported	Target exceeded	
Org: 9.47	Local Economic Development		Number of sports programmes organised for vulnerable groups.		4 programmes for vulnerable groups organised.	2 sports programmes organised for vulnerable group by June 2014	4 sports programmes organised	Target exceeded	
Org: 9.48	Local Economic Development		Number of new library members recruited		1984 new members recruited.	2200 new library members by June 2014	4080 new library members	Target exceeded	
Org: 9.49	Local Economic Development		Number of library outreach programmes undertaken		7 outreach programmes done.	10 outreach programmes completed by June 2014	17 outreach programmes completed	Target exceeded	
Org: 9.50	Local Economic Development		Number of items loaned to library members		New indicator	144000 items loaned to library members by June 2014	154 510 items loaned to library members	Target exceeded	
Org: 9.51	Local Economic Development		Number of people accessing our Library ICT Cyber Centres		17 686 people accessing ICT facilities.	4000 people accessing ICT facilities by 30 June 2014	12312 people accessing ICT facilities	Target exceeded	
Org:9.52	Local Economic Development		Number of government departments providing service at the MPCC		New indicator	6 Government departments using the hall at least once a month	16 Government departments using the hall at least once a month	Target exceeded	
Org:9.53	Local Economic Development		Number of community programmes coordinated		New indicator	2 community programmes coordinated by January 2014	3 community programmes coordinated	Target exceeded	
Org:9.53(a)	Local Economic Development		Number of Old Age Facilities Fenced		New indicator	1 Old Age Facility Fenced	Precast walls were erected to both R.A Moodle and Rocky Park Old Age homes	Target met	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
Org:9.53(b)	Local Economic Development	To promote sports and recreation for a healthy KDM	Number of Old Age Facilities rehabilitated		New indicator	1 Old Age Facility rehabilitated	0 Old Age Facility rehabilitated	Target not met Newly appointed Human Settlements with relevant technical skills will manage the implementation of this type of project for the department.	Red
OPMS 03	Local Economic Development	SO:1.1.1 To stimulate economic growth	Number of strategic partnerships established to support economic growth		New indicator	3 partnerships established by June 2014	4 Partnerships concluded with ILM, Mandini, National Treasury & DEDT	Target exceeded	Green
OPMS 04	Local Economic Development		Number of Business Development Sessions held for SMMES ,		5 sessions conducted.	20 business development sessions held by June 2014	16 Business Development sessions for SMMES held	Target not met	Yellow
OPMS 05	Local Economic Development		Number of Climate Change Adaptation programmes implemented		New indicator	4 Climate Change Adaptation programmes implemented by June 2014	9 Climate Change Adaptation programmes implemented	Target exceeded	Green
OPMS 06	Local Economic Development	SO: 1.1.4 To provide strategic guidance for the future, physical/spatial development of KwaDukuza Municipal area	% adoption of LUMS within the municipality		0%	Adoption of LUMS document and Scheme Maps by June 2014	Final draft available. Public participation process to follow	Target not met The promulgating of SPLUMA has delayed the finalisation of LUMS. The LUMS will be approved before end of Dec 2014.	Red
ORG: 10	Local Economic Development	SO:1.1.1 To stimulate economic growth	% Progress made on the implementation of Wood Mead Transport node		Wood mead Agreement signed with Standard Bank	80% Progress made on the implementation of Wood Mead Transport node by June 2013	Project completed	Target met	Green
ORG: 10.1	Local Economic Development		Nr of street lights repaired		0 streetlights repaired	17 street lights repaired by June 2014	17 street lights repaired	Target met	Green
ORG: 10.2	Local Economic Development		KMs of pedestrian side walk improved		0meters of sidewalk improved	1.4km of pedestrian side walk improved by June 2014	2,1km of sidewalks were constructed	Target exceeded	Green
ORG: 10.3	Local Economic Development		KMs of road resurfaced		0meters of road resurfaced	1.4km of road resurfaced by June 2014	35.4km of roads have been resurfaced	Target exceeded	Green
ORG: 10.4	Local Economic Development		% progress made on Section 78 investigation on waste removal services (PPP)		5% progress made	50% progress made on Section 78 investigation on waste removal services (PPP) by June 2014	50% progress made	Target met	Green
ORG: 10.5	Local Economic Development		% progress made on the implementation of Groutville project		10% progress made	50% progress made on the implementation of Groutville project by June 2014	Project on hold due to failure to confirm National Grant by Treasury-Neighbourhood Development Partnership Grant	None	Orange
ORG: 10.6	Local Economic Development		% Progress made on the implementation of the P445 road		35% of the project completed.	80% Progress made on the implementation of the P445 road by June 2014	70% progress	Target not met The project is due for completion in December 2014	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 1: LOCAL ECONOMIC DEVELOPMENT</b>									
ORG: 10.7	Local Economic Development	SO:1.1.1 To stimulate economic growth	% Progress made on the implementation of the Civic Centre		5%. Progress made	50% Progress made on the implementation of the Civic Centre by June 2014	50% achieved-advertised and awarded	Target met	Green
ORG: 10.8	Local Economic Development		Council resolution adopting the Land release and Disposal Policy		Land Release & Disposal Policy not adopted by march 2013	Council resolution adopting the Land release and Disposal Policy obtained by December 2013	Land release and Disposal Policy obtained	Target met	Green
ORG: 10.9	Local Economic Development		% Progress made on the implementation of sustainable Energy project		40% progress made	100% Progress made on the implementation of sustainable Energy project by March 2013	Contract terminated due to non-performance of contractor	Target not met. Re-evaluate all responsive tenderers with an intention to appoint a suitable and qualifying service provider	Red
ORG: 10.10	Local Economic Development		% Progress made on the implementation of Kwadukuza Museum rehabilitation		20% progress made	50% Progress made on the implementation of Kwadukuza Museum rehabilitation by June 2014	30% achieved-planning and design completed but project could not proceed due to lack of funding.	Target not met. Continue lobbying DAC for funding	Red
ORG: 7.3	Local Economic Development	To stimulate economic growth	Nr of jobs created through internship and learnership programmes		Policy approved and workshopped.	70 Learner ships and Internship awarded by June 2014	91 learner ships awarded	Target exceeded	Green
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
OPMS 08	Basic Service Delivery	To facilitate provision of formal housing.	Nr of houses constructed		139 houses completed	800 houses constructed by June 2014	247 houses constructed	Target not met Ensure that both electricity and sanitation installation is started before end of August 2014, in order to avail more land for housing developments. Finalised relocation of people in order to restart construction of houses and recruitment of potential workers	Red
OPMS 09	Basic Service Delivery		Number of houses allocated		New indicator	200 houses allocated by 30 June 2014	213 houses allocated to beneficiaries	Target exceeded	Green
Org: 12.2	Basic Service Delivery		Nr of social housing units constructed for rental stock		New indicator	150 social housing units constructed for rental stock by 30 June 2014	0 social housing units constructed	Target not met Ensure that there is an agreement on this matter and approval is obtained by 30 September 2014.	Red
Org: 12.3	Basic Service Delivery		Nr of Gap/Affordable houses constructed		New indicator	90 Gap/Affordable houses constructed by 30 June 2014	0 Gap/Affordable houses constructed	Target not met	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status	
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>										
Org: 12.4	Basic Service Delivery	To facilitate provision of formal housing.	Nr of Enhanced, Extended Discount Benefit Scheme (EEDBS) houses transferred		New indicator	70 EEDBS houses transferred by June 2014	17 EEDBS houses transferred	Target not met Dependent on Body Corporate meetings, to encourage meetings to take place.	Red	
Org: 12.5	Basic Service Delivery		Nr of Stage 1 housing projects packaged		2 housing projects packaged.	4 stage 1 housing projects packaged by 30 June 2014	4 stage 1 housing projects packaged	Target met	Red	
Org: 12.6	Basic Service Delivery		Nr of housing projects approved by PDA Tribunal		0 houses approved by PDA	3 housing projects approved by PDA Tribunal by 30 June 2014	4 housing projects approved by PDA Tribunal	Target exceeded	Green	
Org: 12.7	Basic Service Delivery		Nr of housing projects registered with NHRBC		0 housing projects registered	2 housing projects registered with NHRBC by 30 June 2014	2 housing projects registered	Target met	Green	
Org: 12.8	Basic Service Delivery		Number of stage 1 project applications submitted for approval		New indicator	2 stage 1 project applications submitted by 31 March 2013	7 stage 1 project applications submitted	Target exceeded	Green	
Org: 12.9	Basic Service Delivery		Number of stage 2 project applications submitted for approval		New indicator	4 stage 2 project applications submitted for approval by 30 June 2014	2 stage 2 project applications submitted for approval	Target not met	Yellow	
Org: 12.10	Basic Service Delivery		% Accreditation Protocol compliance		New indicator	100% compliance by June 2014	100% compliance	Target met	Green	
Org: 12.11	Basic Service Delivery		Number of projects application submitted for approval (stage3)		New indicator	2 project application for stage 3 submitted by June 2014	2 project application for stage 3 submitted	Target met	Green	
OPMS 10	Basic Service Delivery		SO: 2.1.5 To ensure that all citizens have an electricity service connection	Nr of households with access to basic electricity			1789 households provided with basic electricity by 30 June 2014	730 houses connected to basic electricity	Target not met Has become multiyear project due to delay in awarding contract – will close out in 2014/2015	Red
13.66	Basic Service Delivery		SO: 2.1.5 To ensure that all citizens have an electricity service connection	Nr of housing units electrified		New indicator	238 housing units electrified at Groutville Priority 5 by March 2014	0 houses electrified	Target not met Wait for delivery of procured material to contractor and will be completed in 2014/2015 FY	Red
13.68	Basic Service Delivery		Nr of infills completed		0 infills completed	800 infills completed by March 2014	0 infills completed	Target not met Project scope increased, to be finalised in 14/15 FY	Red	
						500 KwaDukuza infills completed by March 2014	317 infills connected	Target not met Balance of 158 connections to be completed by Edison Power under variation order issued on Tender MN 219 2012 to be completed in 2014/2015 financial year	Red	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
OPMS 11	Basic Service Delivery	To ensure that customers get good value for money	Number of electrical infrastructure upgrade programmes completed		New indicator	4 electrical infrastructure upgrade programmes completed by 30 June 2014	2 electrical infrastructure upgrade programmes completed by 30 June 2014 – Low tension mains and MV Mains	Target not met Contracts awarded for projects in 2 electricity infrastructure programmes not completed are multi year due to long delivery period on major components such as transformers and switchgear	
ORG:13	Basic Service Delivery	To upgrade the MV network and substations to allow for natural expansion of demand and new developments	Nr of switchroom upgraded at Bilkis Street		0	1 x Switchroom upgraded at Bilkis Street by 31 March 2014	0	Target not met Building complete. Electrical work still outstanding due to be completed in 14/15	
Org:13.1	Basic Service Delivery		Nr of switchroom upgraded at Hydrange Road		0	1 x Switchroom upgraded at Hydrangea Road by 31 March 2014	0	Target not met Building complete. Electrical work still outstanding	
Org:13.2	Basic Service Delivery		Nr of Protection Relays replaced.		New indicator	12 Protection Relays replaced by 31 March 2014	7 installed	Target not met Process delays, due to be completed in 14/15 FY	
Org:13.3	Basic Service Delivery		Nr of batteries and chargers replaced.		New indicator	12 batteries and chargers replaced by 31 March 2014	5 installed	Target not met Process delays, due to be completed in 14/15 FY	
Org:13.4	Basic Service Delivery		Nr of km of 33kV OHL between SAPPI and Lavoipierre upgraded.		15.18 km upgraded.	1.6km of 33 kV overhead Line between SAPPI and Lavoipierre sub upgraded.	0.	Target not met Waiting for Umgeni Water to auger (tunnel) under railway line due to be completed in 14/15 FY	
Org:13.7	Basic Service Delivery		km's of 33kv cables replaced.		710m of 11kv cable has been installed and energised.	2.5km of 33kv cable installed from Lavoipierre s/s to Glenhills s/s	2.5 km installed	Target met	
Org:13.8	Basic Service Delivery		% completion of substation at Grouville PR1.		0 substations	60% completion of substation at Grouville PR1.	0	Target not met Process delays, due to be completed in 14/15 FY	
Org:13.9	Basic Service Delivery		Nr of switchrooms built in the KwaDukuza CBD		0	Establishment of 1 x switchroom in the KwaDukuza CBD.	0	Target not met Process delays, due to be completed in 14/15 FY	
13.10	Basic Service Delivery		Nr of switchrooms built in the KwaDukuza Hesto		0	Establishment of 1 x switchroom in the KwaDukuza Hesto	0	Target not met Process delays, due to be completed in 14/15 FY	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
13.11	Basic Service Delivery	To upgrade the MV network and substations to allow for natural expansion of demand and new developments	Nr of switchrooms built in Saunders Street		0	Establishment of 1 x switchroom in Saunders Street	0	Target not met Process delays, due to be completed in 14/15 FY	Red
13.12	Basic Service Delivery		Nr of 33kv ganglinks replaced		0	3 x 33kv ganglinks purchased	0	Target not met Process delays, due to be completed in 14/15 FY	Red
13.13	Basic Service Delivery		km of 11Kv cables installed between Saunders street and Glenhills substation		0	1.2km x 2 of 11kv cables installed between Saunders street and Glenhills substation	1.2km completed, cables installed	Target met	Green
13.14	Basic Service Delivery		Nr of upgrades to Industria Transformer		0	Upgrade of 2 x existing (2x5MVA) transformers at Industria to 2 x 10MVA	2 x 10 MVA transformers installed	Target met	Green
13.15	Basic Service Delivery		Nr of 33Kv Breakers Replaced.		0	4 x 33kV breakers replaced at Lavoipierre Substation	0 replacement	Target not met Process delays, due to be completed in 14/15 FY	Green
13.16	Basic Service Delivery		Nr of switchrooms established at Chantilly siyembezi		0	Establishment of 1 x switchroom at Chantilly	0	Target not met Contractor appointed, project under construction	Red
13.18	Basic Service Delivery		Nr of switchrooms established at ballito old CBD		0	1 x establishment of 11kv switchroom at ballito Village	0	Target not met. Due to the topography there was a delay in the civil design to support the electrical cables	Red
13.19	Basic Service Delivery		Nr of km's of 33kV railway crossing concreted at Driefontein		0	concrete 4.5km of 33kV railway crossing at Driefontein	0	Target not met PROJECT CANCELLED due to budget constraints	Red
13.21	Basic Service Delivery		meters of LT mains installed.		0	100m of LT main at ShakaVille/Lindelani Mbozambo Phase 2	0	Target not met Funds reallocated - budget no more available to do this project	Red
13.22	Basic Service Delivery		Nr of kiosks installed.		0	1 kiosk at Shakaville installed.	0	Target not met In future a Risk assessment will be done on kiosks to identify the correct scope of work	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
13.23	Basic Service Delivery	To upgrade the MV network and substations to allow for natural expansion of demand and new developments	Nr of kiosks upgraded.		0	4 kiosks upgraded in the CBD with low voltage cables.	0	Target not met Funds reallocated - budget no more available to do this project	Red
13.26	Basic Service Delivery		km of MV network upgraded at Kearsney		0	1km of MV network upgraded at Kearsney completed by June 2014	1.56 km of MV network upgraded at Kearsney	Target Exceeded	Green
13.27	Basic Service Delivery		km of MV network upgraded at De charmoy to Malende feeder		0	1.7km of MV network upgraded at De charmoy to Malende feeder completed by June 2014	0.775 km completed	Target not met Insufficient budget to carry out the upgrade as anticipated. Budget to be provided in the upcoming financial years.	Red
13.28	Basic Service Delivery		km of MV network upgraded at Princes grant main T/off.		0	1.7km of MV network upgraded at Princes grant main T/off completed by June 2014	2.45 km completed	Target Exceeded	Green
13.30	Basic Service Delivery		km of MV network upgraded Groutville Feeders (Phase 4).		0	0.5km of MV network upgraded at Groutville Feeders (Phase 4) by December 2013	0.5km of MV network upgraded	Target met	Green
13.31	Basic Service Delivery		km of MV network upgraded at Groutville/ Cranbrook Road.		0	1.2km of MV network upgraded at Groutville/ Cranbrook Road by December 2013	0.8km completed	Target not met	Yellow
13.32	Basic Service Delivery		km of MV network upgraded at Kearsney/Dendethu feeder (P3).		0	1.2km of MV network upgraded at Kearsney/ Dendethu feeder (P3) by December 2013	0.9km completed	Target not met	Yellow
13.33	Basic Service Delivery		km of New G. line - Overhead P3 upgraded.		0	1.2km of New G. line - Overhead P3 upgraded by December 2013	1.65km completed	Target exceeded	Green
13.34	Basic Service Delivery		km of MV network upgraded at Blythdale Beach Reconstr. - OHL-P3		0	1.3km of MV network upgraded at Blythdale Beach Reconstr. - OHL-P3 by December 2013	1.3km completed	Target met	Green
13.35	Basic Service Delivery		km of MV network upgraded at Tredals Lot 16 line (P3).		0	1.4km km of MV network upgraded at Tredals Lot 16 line (P3) by December 2013	0.73km completed	Target not met	Yellow
13.36	Basic Service Delivery	km of MV network upgraded at Doesberg/Lindelani Feeder P3.		0	1.3km of MV network upgraded at Doesberg/ Lindelani Feeder P3 by December 2013	0.87km completed	Target not met	Yellow	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
13.37	Basic Service Delivery	To upgrade the MV network and substations to allow for natural expansion of demand and new developments	km of MV network upgraded at Dendethu.		0	1.4km of MV network upgraded at Dendethu by December 2013	1.61km completed	Target exceeded	
13.38	Basic Service Delivery		km of MV network upgraded at Kearsney/ SASA		0	1.4km MV network upgraded at Kearsney/ SASA by December 2013	1.4km completed	Target met	
13.39	Basic Service Delivery		Nr of Cooling Finns for transformers		0	1 Cooling Finn for 33kV transformer installed by June 2014.	1 Cooling Finn for 33kV transformer installed	Target met	
13.40	Basic Service Delivery		km of MV network upgraded at Mains upgrade-Shakaskraal (P3)		0	1km of MV network upgraded at Mains upgrade-Shakaskraal (P3) by June 2014	1km of MV network upgraded	Target met	
13.41	Basic Service Delivery		KM of 11KV feeder reconstructed at Shakaskraal Inland( Gesla/ Simpoya/ Rainfarm)		0	1.8km 11KV feeder reconstructed at Shakaskraal Inland( Gesla/ Simpoya/ Rainfarm) by June 2014	1.8km 11KV feeder reconstructed	Target met	
13.42	Basic Service Delivery		KM of MV network upgraded at Umhlali Village and surrounds		0	1km of MV network upgraded at Umhlali Village and surrounds by June 2014	1km of MV network upgraded	Target met	
13.43	Basic Service Delivery		Nr of heater panels installed at Zimbali switchroom		0	15 Heater panels installed at Zimbali switchroom by March 2014	15 Heater panels installed	Target met	
13.44	Basic Service Delivery		Nr of Mini-substation installed at Shakasrock Chalets		0	1x 500kVa mini substation installed at Shakasrock Chalets by December 2013	0 installation	Target not met. Awaiting delivery from the supplier, this will be finalised in the new financial year	
13.45	Basic Service Delivery		Nr of Mini-substation installed at Avondale road		0	1x 500kVa mini substation installed at Avondale road by December 2013	1x 500kVa mini substation installed	Target met	
13.46	Basic Service Delivery		KMs of 11KV feeder P3 completed at Compensation-(Wise/Jordan)1		0	1.4km of 11KV feeder P3 completed at Compensation-(Wise/Jordan)1 by June 2014	0	Target not met. Delays in procurement and budget constraints To be budgeted for in 14/15 FY	
13.47	Basic Service Delivery	To provide an acceptable level of lighting to all major roads, public open spaces and sports fields.	Nr of streetlight poles replaced-North		0	12 streetlight poles replaced by June 2014	16 poles replaced	Target exceeded	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
13.48	Basic Service Delivery	To provide an acceptable level of lighting to all major roads, public open spaces and sports fields.	Nr of OHL poles replaced- North		0	12 OHL poles replaced by June 2014	22 OHL poles replaced	Target exceeded	Green
13.49	Basic Service Delivery		Nr of streetlight poles replaced- South		0	12 streetlight poles replaced by June 2014	33 poles replaced	Target exceeded	Green
13.50	Basic Service Delivery		Nr of OHL poles replaced- South		0	12 OHL poles replaced by June 2014	19 poles replaced	Target met, This is dependent on faulty poles that needs to be replaced as and when they happen	Green
13.50(a)	Basic Service Delivery		Nr of streetlights installed in Cluster A		0	100 S/L installed in Cluster A by march 2014	50 street lights installed	Target not met ESKOM to expedite the provision of connection supply points from which KDM infrastructure will be connected	Red
13.51	Basic Service Delivery		Nr of streetlights installed in Cluster B		0	36 S/L installed in Cluster B by march 2014	24 installations, Delays in securing connection points from ESKOM	Target not met ESKOM to expedite the provision of connection supply points from which KDM infrastructure will be connected	Red
13.52	Basic Service Delivery		Nr of streetlights installed in Cluster C		0	100 S/L installed in Cluster C by march 2014	100 S/L installed in Cluster	Target met	Green
13.53	Basic Service Delivery		Nr of streetlights installed in Cluster D		0	100 S/L installed in Cluster D by march 2014	95 S/L installed	Target not met ESKOM to expedite the provision of connection supply points from which KDM infrastructure will be connected	Red
Org:13.54	Basic Service Delivery		Nr of streetlights installed in Cluster E		0	100 S/L installed in Cluster E by March 2014	100 S/L installed in Cluster	Target met	Green
Org:13.55	Basic Service Delivery	Nr of streetlights installed in Cluster F		0	50 S/L installed in Cluster F by March 2014	38 street lights installed	Target not met	Red	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status		
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>											
Org:13.56	Basic Service Delivery	To provide an acceptable level of lighting to all major roads, public open spaces and sports fields.	Nr of streetlights installed in Cluster-G		0	50 S/L installed in Cluster G by March 2014	50 street lights installed	Target not met ESKOM to expedite the provision of connection supply points from which KDM infrastructure will be connected	Red		
Org:13.57	Basic Service Delivery		Nr of programmes implemented for energy efficiency.		New indicator	Implementation of 4 programme for energy efficiency by June 2014	0	Target not met. The grant funding was never transferred to KDM therefore project has been cancelled	Red		
OPMS 39	Basic Service Delivery	SO: 2.1.5 To ensure that all citizens have an electricity service connection	Nr of hh earning less than R3500 (R1100) with access to basic level of electricity (NKPI)		100% registered households with access to basic electricity	All indigent households that make application for electricity	100% registrations as per the indigent register.	Target met	Green		
Org:13.58	Basic Service Delivery	To provide an acceptable level of lighting to all major roads, public open spaces and sports fields.	Nr of retrofit energy efficient S/L fittings.		New indicator	1682 Retrofit energy efficient streetlights installed by June 2014	0	Target not met SCM process to be revisited with a view to negotiate with 2nd best scoring contractor to take over project	Red		
13.60	Basic Service Delivery			SO: 2.1.5 To ensure that all citizens have an electricity service connection	No. of new households connected with electricity		0	158 Single phase connections completed by 30 June 2014	169 single phase connections completed	Target exceeded	Green
13.61	Basic Service Delivery							64 three phase connections completed by 30 June 2014	35 installations completed on applications received	Target not met, It's a demand driven target dependent on applications received	Red
Org: 13.62	Basic Service Delivery							25 new households received and connected	8 maximum demand connections completed by 30 June 2014	6 maximum demand connections completed	Target not met

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
OPMS 13	Basic Service Delivery	SO: 2.1.6 To maintain and upgrade the existing roads infrastructure	Construction of 800m of layer works on P 445.		35% complete	800m of P445 layer works completed by June 2014.	4 Additional lanes construction on schedule	Target met	Green
Org: 14	Basic Service Delivery		km of MIG roads constructed and maintained		New indicator	39.52km of MIG roads constructed and maintained by June 2014	10.8km of MIG Roads constructed	Target not met The remaining roads are already at construction phase and will be finalised in 14/15 financial year	Red
Org: 14.1	Basic Service Delivery		km of gravel roads maintained		107.65km maintained.	20km of gravel roads maintained by June 2014	20.75km of gravel roads maintained	Target exceeded	Green
Org: 14.2	Basic Service Delivery		km of tarred roads maintained		80.81km.	55km of tarred roads maintained by June 2014.	71.54km of roads maintained	Target exceeded	Green
14.3	Basic Service Delivery		Number of potholes and large patches fixed		16 174 potholes fixed.	7000 potholes and large patches fixed by June 2014	20 387 potholes fixed	Target exceeded	Green
Org:14.5	Basic Service Delivery		Nr of bridges reconstructed.		New indicator	1 bridge reconstructed at Testing Station by December 2013.	0	Target not met Source more staff in the new year to facilitate project delivery	Red
Org:14.6	Basic Service Delivery		Nr of wooden bridges constructed in 27 wards.		New indicator	81 wooden bridges constructed in 27 wards by June 2014	39 wooden bridges completed	Target not met Source more staff in the new year to facilitate project delivery	Red
Org:14.8	Basic Service Delivery		km of sidewalks created in Ballito		New indicator	2.7km of sidewalks created in Ballito by December 2013	2.7km of sidewalks created	Target met	Green
Org:14.9	Basic Service Delivery		Nr of speed humps installed in 7 clusters.		New indicator	56 speed humps installed in 7 clusters by December 2013.	56 speed humps in 7 clusters completed	Target exceeded	Green

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
OPMS 16	Basic Service Delivery	To maintain and upgrade the existing storm water infrastructure.	Nr of storm water rehabilitation programmes implemented		New indicator	12 storm water rehabilitation programmes implemented by June 2014	12 storm water rehabilitation programmes implemented	Target met	Red
Org: 14.10	Basic Service Delivery		km of storm water maintained and installation of new reticulation where required		13.27km completed	7km of storm water maintained and installation of new reticulation where required by June 2014	27.178km completed	Target exceeded	Green
Org:14.11	Basic Service Delivery		meters of stormwater reinstated at manor Liquor		New indicator	50m of storm water reticulation reinstated at manor Liquor by December 2013	50m completed	Target met	Green
Org:14.12	Basic Service Delivery		meters of stormwater channel reinstated at Charlottdale		New indicator	150m of storm water channel reinstated at Charlottdale by March 2014	150m completed	Target met	Green
Org:1 4.12(a)	Basic Service Delivery		Nr of retaining walls installed		New indicator	2 retaining walls installed at George hullett and haysom road channel by December 2013	1 retaining wall installed in Haysom Road	Target not met	Red
OPMS 14	Basic Service Delivery	SO: 2.1.6 To maintain and upgrade the existing roads infrastructure	Number of road rehabilitation programmes implemented		91.43km completed.	30 road rehabilitation programmes in the master plan implemented by June 2014	20 projects completed and 8 at practical completion stage	Target not met	Red
Org:14.13	Basic Service Delivery	To maintain and upgrade the existing municipal assets	Number of municipal buildings maintained.		127 municipal buildings maintained.	55 municipal buildings maintained	27 municipal buildings maintained	Target not met	Red
Org:14.14	Basic Service Delivery		Number of municipal buildings renovated.		New indicator	1 - Ballito Administration Building renovated.	0	Target met Tender awarded still in progress	Green
Org:14.15	Basic Service Delivery		Number of toilets built at Stanger Taxi Rank		New indicator	1 toilet built at Stanger Taxi Rank	0	Target not met Funds transferred to 2014/2015, still to resolve land issues with Spoornet	Red
Org:14.16	Basic Service Delivery		Number of sports fields built at Nonoti		New indicator	1 sports field built at Nonoti by March 2014	0-	Target not met Land has not been identified	Red
Org:14.17	Basic Service Delivery		Number of sports fields built at Rocky Park Recreation		New indicator	1 sports field built at Rocky Park Recreation by March 2014	0	Target not met Contractor on site	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
Org:14.18	Basic Service Delivery	To provide Community facilities / halls	Number of Halls constructed at Madundube		1 hall constructed	1 Hall constructed at Madundube by March 2014	0 halls completed	Target not met Halls still under construction at 30 June 2014	
Org:14.19	Basic Service Delivery		Number of Halls constructed at Ohlange		New indicator	1 Hall constructed at Ohlange by June 2014	0	Target not met Contractor on site	
Org:14.20	Basic Service Delivery		Number of Halls constructed at Ward 6 Cluster F Ballito		New indicator	1 Hall constructed at Ward 6 Cluster F Ballito by March 2014	0	Target not met Resolve Land issues before continuing with the project	
Org:14.21	Basic Service Delivery		Number of Halls constructed at Ward 17 Cluster G		New indicator	1 Hall constructed at Ward 17 Cluster G by March 2014	0 Contractor on site	Target not met Close monitoring of the contractor	
Org:14.22	Basic Service Delivery	To provide necessary tools for provision of services.	Nr of water tankers purchased		New indicator	1 water tanker purchased by September 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org:14.23	Basic Service Delivery		Nr of Grid Rollers Purchased		New indicator	3 Grid Rollers Purchased by September 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org:14.24	Basic Service Delivery		Nr of tipper Trucks purchased		New indicator	2 tipper Trucks purchased by September 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org:14.25	Basic Service Delivery		Nr of Jet Cleaning Machines Purchased		New indicator	1 Jet Cleaning Machines Purchased by September 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org:14.26	Basic Service Delivery		Nr of Drum Rollers Purchased		New indicator	1 Drum Roller purchased by December 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org: 14.27	Basic Service Delivery		Nr of parkhomes purchased		New indicator	1 Park home purchased by December 2013	0	Target not met To source funding during adjustment budget in 2014/2015	
Org: 14.28	Basic Service Delivery		Nr of LDV's purchased		New indicator	2 LDV's purchased by September 2013	0	Target not met	
Org:14.29	Basic Service Delivery		Nr of TLBs purchased		New indicator	1 TLB purchased by September 2013	0	Target not met To source funding during adjustment budget in 2014/2015	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
ORG:11	Basic Service Delivery	To ensure that the municipal buildings are properly maintained	No. of main municipal buildings guarded		19 Buildings guarded.	26 Buildings guarded (50 Security guarded 29 alarms) by June 2014	22 Buildings guarded	Target met	Green
11.1	Basic Service Delivery	To contribute to a safe and secure environment	No. of warrant and drunken driving roadblocks conducted		Total of 75 roadblocks conducted	12 Warrant Roadblocks 12 DD Roadblocks conducted by June 2014	12 Warrant roadblocks & 33 drunken driving road blocks conducted	Target exceeded	Green
11.2	Basic Service Delivery		No. of schools visited for road safety campaigns		28 schools visited.	12 Schools visited for road safety campaigns by June 2014	19 schools visited for road safety campaigns	Target not met	Red
11.3	Basic Service Delivery		No. of schools visited for FIRE safety campaigns		New indicator	12 Schools visited for fire safety campaigns by June 2014	7 schools visited	Target not met	Red
11.4	Basic Service Delivery		No. of wards visited for social crime prevention programmes		Visited 27 wards	27 Wards visited for social crime prevention by June 2014	22 wards visited	Target not met	Red
11.5	Basic Service Delivery		No. of CCTV cameras installed		2 CCTV cameras by December 2012	6 CCTV Cameras installed by June 2014	6 CCTV Cameras installed	Target met	Green
11.6	Basic Service Delivery		No. of beaches with life guards and shark nets		6 beaches were protected with shark nets & lifeguards.	6 Beaches with life guards and shark nets by June 2014	6 Beaches with life guards and shark nets	Target met	Green
OPMS 17	Basic Service Delivery		To ensure that customers get good value for money.	Nr of hh earning less than R1100 (R3500) with access to basic solid waste removal (NKPI)		87% as per indigent register	100% as per indigent register	11948/15 255 = 78%	Target not met
11.8	Basic Service Delivery		Nr of hh with access to basic solid waste		New indicaor	14 806 households with access to 28 cubic meters of solid waste removal by 30 June 2014	35 721 households with access to solid waste removal	Target met	Green
Org: 11.7	Basic Service Delivery		No. of ablution facilities upgraded		Zinkwazi - ablution facility upgraded.	Zinkwazi & Tinley Manor ablution facilities upgraded by June 2014	0	Target not met	Red
Org: 11.9	Basic Service Delivery		No. of illegal dumping sites cleared		New indicator	12 Illegal dumps cleared by June 2014	11 illegal dumps cleared	Target not met	Red
Org: 11.10	Basic Service Delivery		Date establishment of a recycling centre		Centre not established by 31 March 2013	Recycling Centre established June 2014	0	Target not met Fast track sourcing of approval from DAEA	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 2: BASIC SERVICE DELIVERY</b>									
Org: 11.11	Basic Service Delivery	To ensure that customers get good value for money.	No. of skips procured		24 Skips delivered and distributed	21 skips procured by June 2014	0 skips procured	Target not met Tender to be awarded in the first quarter of 14/15 FY	Red
Org: 11.12	Basic Service Delivery		Date establishment of waste transfer site		Waste transfer site not established by 31 March 2013	Waste Transfer Site established by June 2014	Site not established	Target not met Fast track sourcing of approval from DAEA	Red
Org: 11.13	Basic Service Delivery		Date establishment of Phase 1 of the Community Safety Centre		New indicator	Appointment of service provider for construction of Phase 1 of the Community Safety Centre by June 2014	Not yet appointed, delays in the procurement process	Target not met	Red
Org: 11.15	Basic Service Delivery		Date Acquisition of land for new cemetery		Cemetery established near Stanger Child Welfare.	Land acquired for 2 cemeteries by June 2014	Land acquired at Erf 301 KwaDukuza & Vlakspruit. Technical studies & designs in progress	Target not met Project rolled over because land will be transferred as soon as the Dept has approved the Enviro Authorisation and the sale agreement process is concluded.	Red
Org: 11.19	Basic Service Delivery		No. of areas cleared of invasive alien vegetation		Cleared Alien vegetation in Gledhow & Blythedale.	5 areas cleared of invasive alien vegetation by June 2014	3 areas cleared	Target not met	Red
OPMS 19	Basic Service Delivery		Nr of new play parks established		13 Play parks developed	4 Play parks developed by June 2014	0 play parks developed	Target not met Installation of roundabouts to be done after the strike is over	Red
OPMS 20	Basic Service Delivery		Nr of combo courts constructed		0	4 combo courts constructed by June 2014	4 Combo courts constructed.	Target met	Green
OPMS 21	Basic Service Delivery	To provide Community facilities / halls	Nr of existing sports facilities rehabilitated		0	2 Sports facilities (Lindelani & Shakaville) rehabilitated by June 2014	0 sports facilities rehabilitated	Target not met Meeting between the Contractor and Lindelani Community was held to resolve the matter	Red
OPMS 22	Basic Service Delivery		Nr of child care facilities constructed		0	3 child care facilities constructed by June 2014	0 child care facilities constructed	Target not met	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 3: MUNICIPAL TRANSFORMATION &amp; INSTITUTIONAL DEVELOPMENT</b>									
OPMS 24	Municipal Transformation & Institutional Development	3.1.1 To implement the HRD strategy	% of people from designated employment equity target groups employed in the three highest levels of management in accordance with the municipality's employment equity plan (NKPI)		77.5%	80% targeted groups employed at all levels by 30 June 2014: i) Top Management (T19- MM) ii) Senior Management (T16-18) iii) Professionals (T14-15)	100% achieved	Target exceeded	
ORG: 07	Municipal Transformation & Institutional Development		Date completion of staff satisfaction survey		CS survey not completed	CS Survey completed by 2014/06/30	Survey completed and response plan submitted to Council	Target met	
OPMS 25	Municipal Transformation & Institutional Development	3.1.2 To develop and implement priority skills programme	% of a municipality's budget actually spent on implementing a workplace skills plan (NKPI)		100% expenditure on WSP	100% of a municipality's budget actually spent on implementing a workplace skills plan by 30 June 2014	Original budget exceeded. Expenditure to-date R1 118 432	Target met	
ORG: 7.4	Municipal Transformation & Institutional Development	3.1.2 To develop and implement priority skills programme	Nr of applicants approved for bursary		Bursary awarded to 32 applicants	27 applicants approved for bursary by February 2014	89 applicants awarded Bursaries.	Target exceeded	
OPMS 26	Municipal Transformation & Institutional Development	3.1.5 To enhance institutional productivity through developing a renewed cadre of Local Public service	Date of the hosting of service excellence awards		Service Excellence launched by 2013/06/30	Hosting of KDM staff awards by 30/06/2014	Awards held on 30 May 2014	Target met	
ORG: 7.7	Municipal Transformation & Institutional Development	To reinforce stakeholder communications and participation	Nr of awareness workshops conducted on HR issues		25 workshops complete.	4 HR awareness workshops conducted by June 2014	11 workshops conducted	Target met	
ORG: 7.10	Municipal Transformation & Institutional Development		Date of hosting the staff service excellence awards		Service excellence award launched.	Hosting of kdm staff awards 30/06/2014	Awards held on 30 May 2014	Target met	
ORG: 7.11	Municipal Transformation & Institutional Development		Nr of EAP awareness programmes held		6 programmes conducted.	4 EAP programmes held by June 2014	4 EAP programmes conducted	Target met	
ORG: 7.12	Municipal Transformation & Institutional Development		Nr of People Diversity and Change management programmes conducted for supervisors		New indicator	4 People Diversity and Change management programmes for supervisors by June 2014	4 programs held	Target met	
ORG: 7.13	Municipal Transformation & Institutional Development		Nr workplace gender programmes held		New indicator	4 workplace gender programmes held by June 2014	3 workshops held	Target not met close supervision and capacitate EAP Officer	
ORG: 7.15	Municipal Transformation & Institutional Development		Nr of KDM workplace social cohesion programmes conducted		New indicator	4 KDM workplace social cohesion programmes held	4 social cohesion programmes held	Target met	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status	
<b>DEVELOPMENT OBJECTIVE 3: MUNICIPAL TRANSFORMATION &amp; INSTITUTIONAL DEVELOPMENT</b>										
ORG: 7.17	Municipal Transformation & Institutional Development	To contribute to a safe and secure environment.	Nr of LLF leadership development programmes conducted		11 meetings held.	1 LLF Leadership development programme held by March 2014	1 programme held	Target met		
ORG: 7.19	Municipal Transformation & Institutional Development		Date completion of work study report		Work study report was not completed by 31 march	Work study report completed by 2014/06/30	service provider has commenced with work study	Target not met	Capacitate HR managers on SCM processes	
ORG: 7.21	Municipal Transformation & Institutional Development		Number of buildings installed with electronic access system		Electronic access system procured.	Installation of the electronic access system in 23 municipal buildings by June 2014	Electronic Access system installed	Target met		
ORG: 7.22	Municipal Transformation & Institutional Development		Date launch of OHS Programme and roll-out		0	i) OHS Policy approved by September 2013.	Policy Approved	Target met		
					0	ii) Launch of the OHS programme and roll out of OHS.	OHS Programmes launched	Target met		
ORG: 7.8	Municipal Transformation & Institutional Development		Turnaround time to resolve grievance cases in terms of collective agreement		Grievance cases attended to within 3 months	Grievance cases resolved within 3 months ongoingly	all grievances dealt with within 3 months	Target met		
ORG: 7.16	Municipal Transformation & Institutional Development		Nr of Staff ethics / institutional induction programmes conducted on induction		New indicator	4 Staff ethics / institutional induction programmes held by June 2014	4 programmes held	Target met		
ORG: 7.18	Municipal Transformation & Institutional Development		Nr of fight against corruption fraud and theft programmes conducted.		New indicator	4 fight against corruption fraud and theft programmes held by June 2014	4 programmes held	Target met		
OPMS 27	Municipal Transformation & Institutional Development		SO: 4.2.1.1 To enhance organisational development in line with community needs.	Date approval and implementation of established and effective mechanisms to monitor and review adopted performance management framework		PMS Framework reviewed and approved 2013	Council approved PMS Framework/ Policy implemented by 30 June 2014	1 Approved PMS Framework by December 2013	Target met	
OPMS 28	Municipal Transformation & Institutional Development			Nr of performance agreements timeously concluded and signed for 2013/2014 by all EDs		SDBIP approved and S57 agreements signed by due date	7 performance agreements timeously concluded and signed by all EDs by 31 July 2013	i) 6 performance agreements for 2014/2015 signed and submitted to MEC for LG ii) 3 quarterly review meetings conducted	Target met	
OPMS 29	Municipal Transformation & Institutional Development	Date adoption of the Annual Report & Oversight Report			AR adopted by 31 March 2013	Annual Report & Oversight Report approved and adopted by Council by 31 March 2014	Currently consolidating 13/14 Annual Report, for submission to AG by end of August	Target met		

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 3: MUNICIPAL TRANSFORMATION &amp; INSTITUTIONAL DEVELOPMENT</b>									
OPMS 30	Municipal Transformation & Institutional Development	SO: 4.2.1.1 To enhance organisational development in line with community needs.	Date completion of Annual Evaluation and report for Section 57 employees		New indicator	Performance Evaluation Report of Sec 57 submitted to council by 30 June 2014	13/14 performance evaluations will be conducted by the end of December 2014 after submission of Performance report to AG. 12/13 evaluations completed and submitted to Council in April 2014	Target met	
OPMS 31	Municipal Transformation & Institutional Development		Date approval of the SDBIP and Organisational Scorecard by the Mayor		SDBIP & OPMS approved in July 2013	SDBIP & Organisational scorecard approved by the Mayor by 30 June 2014	Organisational Scorecard, SDBIP and Performance Agreements approved by Council in July 2014	Target met	
ORG: 01	Municipal Transformation & Institutional Development	To implement a customer satisfaction Survey programme	Date completion and approval of CSS		CS survey not completed	1 Survey Report completed and approved by June 2014	Not achieved	Target not met The CSS could not be achieved due to a lack of budget. KDM will investigate piggy backing on Ilembe CSS for 2014/2015	
ORG:02	Municipal Transformation & Institutional Development	SO: 4.2.1.1 To enhance organisational development in line with community needs.	Nr of PMS quarterly review sessions conducted		4 review meetings held	4 review meetings conducted by June 2014	3 review meetings done.	Target met Final Evaluation to be done after approval of the Annual Report	
<b>DEVELOPMENT OBJECTIVE 4: GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION</b>									
OPMS 32	Good Governance & Public Participation	SO: 4.1.1 To implement public participation programmes.	Date approval of IDP by Council		IDP approved in May 2013	IDP approved by Council by 31 May 2014	i) Process plan approved in July 2014 ii) Mayoral Izimbizos conducted in all 27 ward in May iii) IDP approved on the 4th of June adopted by Council	Target met	
ORG: 03	Good Governance & Public Participation		Nr of IDP road shows & mayoral izimbizos conducted		19 roadshows conducted	27 IDP Road shows & 2 Mayoral izimbizos conducted by June 2014	Annual Target met: IDP Roadshows conducted in all 27 wards.	Target met	
ORG: 3.1	Good Governance & Public Participation		Date completion of process plan and submission to Council		Process plan submitted by target date	Process plan completed and Submitted by 31 July 2013	1 process plan submitted to Council.	Target met	
ORG: 3.1(a)	Good Governance & Public Participation		% credible IDP developed and consulted with citizens		IDP approved by Council for 13/14	80% credible IDP developed and consulted with citizens	Annual Target met: IDP approved on the 4th of June adopted by Council.	Target met	
ORG: 3.2	Good Governance & Public Participation		Nr of IDP Forums held		2 IDP Rep forum held	4 IDP Rep forums held by June 2014	Annual actual target not achieved	Target not met. Ensure that there are no postponements and cancellation of scheduled meetings.	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 4: GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION</b>									
ORG:3.4	Good Governance & Public Participation	SO: 4.1.1 To implement public participation programmes.	Nr of ward committee training programmes conducted		Induction and training of ward approximately 260 ward committees in all clusters completed.	2 Ward Committee trainings conducted by June 2014	Ward committee training not done due to insufficient training funds.	Target not met Ensure budget is made available for training of ward committees in 14/15 budget	Red
ORG:3.5	Good Governance & Public Participation		% spent on stationery for ward committees		R30 054 spent on stationery for ward committees	100% Stationery purchased by March 2014	Insufficient funds	Target not met Ensure budget is made available to purchase stationery in 2014/2015	Red
ORG:3.6	Good Governance & Public Participation		Nr of ward committee members paid stipends		R3 069 000 expenditure on stipends	270 ward committee members paid by June 2014	Stipends paid to ward committees in all four quarters of the financial year.	Target met	Green
ORG:3.7	Good Governance & Public Participation		Nr of Bursaries issued to external applicants		Bursary was awarded to 39 students in total.	Issue 40 External Bursaries by Jan 2014	61 External Bursaries awarded	Target met	Green
ORG:3.8	Good Governance & Public Participation		Nr of public awareness campaigns conducted		one campaign conducted and 3 trainings of health and safety reps.	4 Awareness programmes conducted by June 2014	3 awareness programmes conducted	Target not met	Red
ORG:3.10	Good Governance & Public Participation		Nr of service delivery initiatives implemented		1 service delivery initiative conducted in May	4 Service delivery programmes implemented by May 2014	2 programme conducted.	Target not met	Red
OPMS 33	Good Governance & Public Participation		SO: 4.1.2 To provide effective and efficient Internal Audit services for Council	Date approval of Internal Audit Plan		IA plan approved in September 2013	Internal Audit Plan approved by September 2014	Internal Audit Plan approved by September 2013	Target met
OPMS 34	Good Governance & Public Participation	SO: 4.1.3 To manage institutional risks	Date approval of Top 10 Risks by Council		New indicator	Top 10 municipal risks developed and approved by Council by September 2014	i)Top 10 municipal risks developed and approved by Council by September 2013. ii) 4 Risk committee meetings conducted	Target met	Green
OPMS 35	Good Governance & Public Participation		Fully functional Ethics committee		Ethics Committee not established	Ethics committee established and fully functional by June 2014	0	Target not met The Department will fast track establishment of Ethics Committee to end of Q2 of 2014/2015	Red
ORG: 05	Good Governance & Public Participation		Nr of follow up reports submitted to Audcom/ MPAC		New indicator	4 follow up reports submitted by 30 June 2014 (AG plan)	0 reports	Target not met	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 4: GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION</b>									
ORG: 5.1	Good Governance & Public Participation	SO: 4.1.3 To manage institutional risks	Percentage review of all unresolved queries in the audit report & management letter		100% of all queries raised in 2011/2012 were addressed. However, reduction can only be determined after the audit of 2012/2013	100% review of all unresolved queries in the audit report and management letter by 30 June 2014 (internal plan)	Review of the action plan was conducted by Internal Audit throughout the year.	Target met	
ORG: 5.3	Good Governance & Public Participation		Nr Internal Audit reports completed and submitted		4 reports completed	4 Audit Reports completed and submitted to Audcom & Council by June 2014	4 Audit Reports done.	Target met	
ORG: 5.4	Good Governance & Public Participation		Nr of risk reports submitted on top 10 municipal risks		No meetings as the Risk Officer is not yet appointed.	Top 10 municipal risks developed and approved by Council by September 2013	Risk report submitted to Council	Target met	
ORG: 5.5	Good Governance & Public Participation		Nr of Risk Profiles developed for all departments		6 draft risk profiles completed for all departments.	6 Risk Profiles developed for all departments by December 2013	6 profiles developed through Risk assessment process.	Target met	
ORG: 5.6	Good Governance & Public Participation		Date Risk Committee established		Risk Committee established.	Risk Committee established by 30 September 2013	1 Risk Committee established with EDs.	Target met	
ORG: 5.7	Good Governance & Public Participation		Nr of Audcom reports submitted to Council by Audit/PAC committee		2 bi-annual reports submitted by Audcom/PAC to Council	4 audit reports submitted to Council by Audit/PAC committee by June 2014	2 bi-annual reports submitted by Audcom/PAC to Council	Target met	
ORG: 7.20	Good Governance & Public Participation	To develop and roll out the Integrated ICT governance programme	Nr of wards piloted to connectivity		No wards were connected	10 wards connected by December 2013	10 wards connected by December 2013	Target met	
ORG: 7.9	Good Governance & Public Participation	To reinforce stakeholder communications and participation	Nr of reports submitted to LPA/HR on service delivery improvement plans developed per department		New indicator	4 consolidated departmental reports submitted to LPA/HR by June 2014	4 consolidated departmental reports submitted to LPA/HR	Target met	
OPMS 36	Good Governance & Public Participation	To promote inter-governmental relations	Nr of OSS interventions conducted	All 27 wards	8 interventions conducted – launching war-rooms	4 Sukuma Sakhe Interventions conducted and completed by June 2014	6 Sukuma Sakhe Interventions conducted	Target exceeded	
ORG: 7.5	Good Governance & Community Participation	To streamline administrative support processes and system	Nr of Council meetings held		24 meetings held.	4 council meetings held by June 2014	7 Council meetings held	Target exceeded	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 4: GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION</b>									
ORG: 7.6	Good Governance & Community Participation	To streamline administrative support processes and system	Nr of quarterly updates on Council Policy done		15 updates completed.	4 quarterly updates of Council Policy done by June 2014	4 updates to council policy done	Target met	
ORG:7.7	Good Governance & Community Participation		Nr of Portfolio Committee meetings held		New indicator	20 Portfolio Committee meetings held by June 2014	20 Portfolio Committee meetings held	Target met	
ORG:7.19	Good Governance & Community Participation		Turnaround time to distribute Council agenda		Council agenda distributed within 7 days	Council agenda distributed within 7 days before the meeting date by June 2014	Council agenda distributed within 7 days	Target met	
ORG: 6.1	Good Governance & Public Participation	To contribute to a safe and secure environment	Nr of IGR interventions conducted		8 interventions conducted – launching war-rooms .	4 IGR interventions hosted by June 2014	4 interventions done	Target met	
ORG: 6.2	Good Governance & Public Participation		Nr of special programmes for vulnerable groups conducted		4 programmes completed.	4 special programmes for vulnerable groups conducted by June 2014	21 Special programmes done.	Target exceeded	
ORG: 02	Good Governance & Public Participation	To implement a communication strategy	Nr of external & internal publications issued		0 publications issued.	8 publications issued by June 2014	5 Publications printed	Target not met Compile and publish all publications in house	
ORG: 2.1	Good Governance & Public Participation		Nr of public affairs/ radio slots done with radio stations		15 radio slots.	36 radio slots done by the mayor at radio stations by June 2014	35 Radio slots done.	Target met	
ORG: 2.2	Good Governance & Public Participation		Number of banners procured for corporate branding		Purchased Flags, Flag poles, tablecloths, podium and folders	Corporate branding banners procured by 30 Sept 2013	Branding material procured	Target met	
ORG: 2.3	Good Governance & Public Participation		Nr of Mayoral events hosted(sod turnings/project handover)		0	4 mayoral events hosted by June 2014	6 Mayoral events hosted.	Target exceeded	
ORG: 2.4	Good Governance & Public Participation	Date Mayoral awards held		0	1 Mayoral award held by 31 December 2013	Target not met	Target not met		
ORG: 04	Good Governance & Public Participation	To contribute to a safe and secure environment	Nr of Contracts drawn and vetted		51 contracts drawn	48 Contracts drawn and vetted by June 2014	48 contracts done and vetted	Target met	
ORG: 4.1	Good Governance & Public Participation		Nr of labour cases resolved		4 litigation reports submitted	4 labour cases resolved by 30 June 2014	2 labour cases resolved	Target met There were no other cases pending	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 5: FINANCIAL MANAGEMENT &amp; VIABILITY</b>									
OPMS 37	Financial Management & Viability	To ensure that the revenue of the municipality is collected and accounted for	% reduction of outstanding debtors to revenue		10 debt collection meetings were held for the 4th quarter. The debt decreased by 15.30% for the quarter	5% reduction in debt > 60 days exclusive of accruals by June 2014	3.16% debt increase	Target not met Stricter credit control measures to be implemented. Due to the busy year end period, debt collections meetings were not held regularly. Will continue to hold a minimum of 6 meetings in the forthcoming financial year	Red
OPMS 38	Financial Management & Viability		% collection rate on current accounts		Collection rates: Electricity = 100.23% , Rates = 100.78%, Refuse = 100.48%	Electricity Billings collection rate -95% Rates Billing collection rate - 90% Refuse billing collection rate - 75% by June 2014	Electricity -101.41% Rates -102.96% Refuse - 99.95%	Target exceeded	Green
OPMS 40	Financial Management & Viability	To ensure that the revenue of the municipality is collected and accounted for	% reduction of electricity losses		62% of meters were disconnected.	65% of customers on disconnection listing disconnected by June 2014	81% disconnections conducted	Target exceeded	Green
OPMS 41	Financial Management & Viability	SO: 5.1.3 To improve expenditure on Capital Budget	% of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (NKPI)		27% spent on CAPEX for the 2012/13 financial year	100% expenditure on capital budget by 30 June 2014	47.5% (48%)	Target not met The capital expenditure will improve in 2014/2015 as most of the projects are already at implementation stages	Red
OPMS 42	Financial Management & Viability		Nr of budget implementation reports submitted to Council		New indicator	4 budget reports submitted timeously to council within 30 days of the end of each quarter	1 budget report submitted to Council	Target not met	Red
OPMS 43	Financial Management & Viability		Approval of annual budget by deadline		New indicator	Annual budget approved and adopted by 30th June 2014	The budget was tabled on the 28 May 2014. this was deferred to a Special Council meeting held on the 04 June 2014	Target met	Red
OPMS 44	Financial Management & Viability		Approval of adjustment budget by deadline		New indicator	Adjustment budget tabled and approved by council by 31 January 2014	Adjustment budget tabled and approved by council by due date	Target met	Green
OPMS 45	Financial Management & Viability		% expenditure on implementation of MIG projects		New indicator	100% expenditure on all MIG projects to the rand value of R100 340 592 by June 2014	56% on MIG Funding been utilised and R 29million application for roll over to be applied for	Target not met Staff to be appointed to manage the PMU Unit	Red

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 5: FINANCIAL MANAGEMENT &amp; VIABILITY</b>									
OPMS 46	Financial Management & Viability	To improve turn around times on tender awards	Nr of days taken to finalise formal tender awards		The awarding of tenders from date of closure averaged 94.14 days.	86 days average turnaround time for finalisation of formal tenders by June 2014	Average turnaround time 115 days.	Target not met To ensure that procurement plans are finalised on time for implementation in 14/15 FY	
OPMS 47	Financial Management & Viability	To ensure compliance with financial management and legislative requirements	Obtaining unqualified audit report. Compliance with MFMA S71, S72 and S52(d) reports as per legal time frames		Unqualified audit opinion obtained	Unqualified audit opinion received by 30 June 2014	No audit queries were received from AG stemming from the interim audit.	Target met	
OPMS 48	Financial Management & Viability		Financial viability of the municipality expressed as follows: A = B - C.D "A" represents debt coverage "B" represents total operating revenue received - "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the financial year; (National KPI)	N/A	47.55:1	15:01	40.35:1	Target exceeded	
OPMS 49	Financial Management & Viability		Financial viability of the municipality expressed as follows: A = B - C .D "A" represents debt coverage "B" represents total operating revenue received - "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the financial year; (National KPI)	N/A	Not reported	15:01	44.29:1	Target exceeded	
OPMS 50	Financial Management & Viability		Financial viability of the municipality expressed as follows: A = B - C .D "A" represents debt coverage "B" represents total operating revenue received - "C" represents operating grants "D" represents debt service payments (i.e. interest + redemption) due within the financial year; (National KPI)	N/A	12.71:1	0.90:1	Electricity: 0.06:1 Refuse: 0.21:1 Rates: 0.24:1	Target met. Incorrect targets were set and will be rectified in the 14/15 Scorecard	
ORG: 8.6	Financial Management and Viability		% of electricity meters audited as per MACP		100% of all faulty meters identified was replaced.	75% of identified faulty meters replaced excluding MD meters	87.69%.	Target exceeded	

## 2013/2014 ANNUAL PERFORMANCE REPORT ...continued

OPMS No	KPA	Strategic Objective	KPI	Ward	Actual 2012/2013	2013-14 Target	2013-14 Actual Achieved	Measures To Improve Performance	Status
<b>DEVELOPMENT OBJECTIVE 5: FINANCIAL MANAGEMENT &amp; VIABILITY</b>									
ORG: 8.7	Financial Management and Viability	To ensure that the revenue of the municipality is collected and accounted for	Nr of new revenue sources identified		0	2 new revenue sources identified by 30 June 2014	The Revenue policies were approved during the draft budget phase.	Target not met Each directorate to include revenue enhancement projects on their 14/15 scorecards to provide Finance with full details by Q3 of 14/15 financial year	Red
ORG: 8.8	Financial Management and Viability		i) Nr of supplementary valuation rolls received and implemented. ii) Appointment of service provider to compile GVR 3		A supplementary roll was received in the second quarter, next supplementary roll is expected in August 2013. monthly deeds downloads and completions have been submitted to the valuer, or logged onto the VA3, for inclusion therein.	Receipt & processing of 3 SVR's. Appointment of service provider to compile GVR 3 completed by 30 June 2014	Receipt & processing of 3 SVR's. Appointment of service provider to compile GVR 3 completed	Target met	Green
ORG:8.9	Financial Management and Viability	To ensure compliance with financial management and legislative requirements	Date submission of the AFS to the AG		AFS consolidated and submitted to AG by the 31st of August	AFS submitted to the AG by 31 August 2013	AFS consolidated and submitted to AG by the 31st of August	Target met	Green
ORG: 8.14	Financial Management and Viability	To ensure compliance with financial management prescripts by linking prepaid meters to debtor book.	Obtaining Credit rating from Moody's Investor Services		BAA1 credit rating received	One credit Rating received by 30 June 2014	Moody's credit Rating received	Target met	Green
ORG: 8.18	Financial Management and Viability	To ensure proper asset management	% reconciliation of Fixed Asset Register to GL on a monthly basis.		100% reconciliation done.	100% Reconciled Fixed Asset Register uploaded on the Baud Asset management System by 30 June 2014	100% reconciliation	Target met	Green
ORG:8.19	Financial Management and Viability	To implement the IBT tariff structure as part of the electricity tariffs wef July 2014	IBT electricity tariff structure approved for implementation by Council		0	IBT electricity tariff structure approved by Council by 30 September 2013	Project rolled over to 2014/2015 FY	Target not met Manager Billing to submit analysis of revenue to FPC by the end September 2014 in preparation of the 2015/2016 IBT implementation.	Red
ORG: 8.20	Financial Management and Viability	To ensure compliance with financial management and legislative requirements	% compliance to MFMA ito: (i)implementation of financial policies (ii) asset management (iii)revenue management		100% compliance	100% compliance to MFMA by 30 June 2014	100% compliance	Target met	Green
Org: 11.20	Financial Management & Viability	To ensure that customers get good value for money	% increase in revenue collected from traffic fines.		New indicator	5% increased revenue from R4069716 to R4273201.80 by 30 June 2014	0%	Target not met	Red

# FUNCTIONAL AREAS

# PERFORMANCE OVERVIEW

## 3.1 COMPONENT A: BASIC SERVICE DELIVERY

KwaDukuza Municipality wants to ensure that there is an optimal provision of basic service and infrastructure delivery within the area of KwaDukuza Municipality and also to ensure that this delivery happens in a sustainable manner, in line with KwaDukuza's long term vision. This long term vision calls for all the internal departments of KwaDukuza Municipality to adhere to the principles of sustainable development as called for by Natural Environment Management Act (NEMA).

The primary components for KwaDukuza infrastructure development programme are, solid waste collection, roads, transportation services, electricity, cemeteries and iLembe District Municipality is responsible for water waste collection/removal and sanitation.

- Link infrastructure development with economic growth initiatives.
- Link infrastructure finance with financial market development.
- Develop models and mechanisms for financing infrastructure.
- Use infrastructure development to create decent job opportunities.

### ○ **KwaDukuza Basic Service and Infrastructure Backlogs**

The strategic location of KwaDukuza along the north coastline is attracting property development investment to KwaDukuza. That, coupled with fact that there has not been much attention to the maintenance of the existing infrastructure, the fact that KwaDukuza Municipality is still grappling with aging infrastructure, the demands put by the fact that KwaDukuza is growing as a City, has caused KwaDukuza to fall behind in terms of the provision of new and much needed infrastructure. Compared to neighboring municipalities, the area of KwaDukuza provides better opportunities for creation of both short term and long term employment opportunities. This has resulted to the growing number of informal settlements which has a direct impact to service delivery backlogs.

### ○ **Water and Sanitation**

> KwaDukuza experiences water disruptions on a regular basis. There is a huge disparity in provision of services. There is also a major service backlog and a lack of maintenance of existing infrastructure. Only half of the population has access to water. Reliance on ground water can lead to health impacts amongst the more vulnerable sections of the

population, where ground water has become polluted through poor land use and/or burials near water courses. There is severe water shortage in the area which is exacerbated by new development applications. UMngeni water, KwaDukuza and iLembe cannot meet the current water requirements of existing users. The water shortage needs to be addressed at a strategic level and various bulk water options are being considered including desalination treatment plants, ways of reducing inefficiencies, waste and water loss need to be investigated.

- > KwaDukuza Municipality experiences huge disparity in provision of sanitation is concerned. It also experiences major service backlogs. Approximately 59% of households have access to a basic level of formal sanitation service; however 13% do not have any formal form of sanitation whilst 28% uses pit latrines. This could result in ground water contamination and could consequentially be detrimental to human health.
- > There is a lack of maintenance of existing infrastructure. Infrastructure is often poorly sited and has the potential to impact on the environment when it is not operating properly. There is one major sewer treatment works at KwaDukuza that pumps sewerage from other smaller sewer pumps across the Municipality. There is no bulk Municipal waterborne sewerage reticulation system available in areas including Blythdale and surrounds Septic tank systems are used in many areas for disposal of liquid waste. Due to extensive housing developments especially along the coast treatment works requires upgrading, however the iLembe Municipality have indicated that they are not currently in a position to provide a bulk service supply to upcoming developments.

The Lower Thukela Regional Bulk Water Scheme is intended to serve the area of KwaDukuza with portable water supply. The demand for water on the coastal area of KwaDukuza has increased and the current supply from the Umdloti and Umvoti river systems are insufficient to meet the projected water demand. The project is implemented jointly by iLembe District Municipality and Umgeni Water and will cater for the:

- > current demand,
- > future private developments of commercial, industrial and residential nature,
- > low cost housing developments,
- > rural areas currently served as stand-alone schemes, and
- > Rural area that is currently un-served.

## 3.1.1 ELECTRICAL AND MECHANICAL

### ○ Brief Overview

The Technical Services Electrical Mechanical Directorate comprises of three sub-directorates being Electrical Engineering Planning, Fleet Services, and Electricity Operations.

The Technical Services – Electrical and Mechanical Directorate is charged with the responsibility for the construction, maintenance, upgrading and expansion of Municipal Built Assets, Electricity infrastructure/ service delivery, procurement of new fleet and ensuring high availability of well maintained vehicles and plant.

The Technical Services – Electrical / Mechanical Directorate is a front line service provider and daily performance is continually measured in the eyes of the public who are quick to report any apparent lack of or poor performance.

### ○ Electricity Distribution

The KwaDukuza municipality's predominant source of energy for lighting is electricity followed by candles.

Municipality	Electricity	Gas	Paraffin	Wood	Coal	Animal dung	Solar	Other
KwaDukuza	85.20%	3.50%	5.90%	4.90%	0.10%	0.00%	0.20%	0.20%
Ward 1	60.70%	2.80%	8.30%	27.70%	0.20%	0.10%	-	0.10%
Ward 2	90.40%	2.90%	6.00%	0.40%	-	-	0.30%	-
Ward 3	68.50%	5.40%	12.50%	13.30%	0.20%	-	0.10%	0.10%
Ward 4	90.30%	1.10%	8.30%	0.20%	-	-	0.10%	-
Ward 5	90.80%	0.70%	4.30%	3.70%	0.10%	-	0.30%	0.00%
Ward 6	85.70%	10.70%	0.10%	1.00%	-	0.00%	0.10%	2.40%
Ward 7	83.80%	1.70%	5.80%	8.30%	0.10%	0.10%	0.10%	-
Ward 8	96.00%	0.50%	2.60%	0.70%	0.10%	-	0.10%	-
Ward 9	89.20%	0.50%	4.20%	5.90%	0.10%	-	0.10%	-
Ward 10	92.80%	1.30%	4.30%	1.40%	0.10%	-	0.10%	-
Ward 11	80.30%	4.00%	10.40%	5.10%	0.10%	-	0.00%	0.00%
Ward 12	86.00%	6.60%	6.30%	0.80%	0.10%	-	0.20%	0.00%
Ward 13	77.90%	3.10%	15.90%	2.60%	0.10%	0.00%	0.30%	0.20%
Ward 14	96.60%	0.20%	2.00%	0.80%	0.10%	-	0.20%	0.10%
Ward 15	87.70%	1.90%	8.90%	1.40%	0.10%	0.10%	0.10%	0.00%
Ward 16	86.90%	3.80%	5.30%	3.60%	0.10%	0.00%	-	0.30%
Ward 17	87.80%	5.90%	0.90%	4.90%	0.10%	-	0.20%	0.30%
Ward 18	93.50%	0.20%	5.90%	0.20%	-	-	0.20%	-
Ward 19	93.90%	2.30%	1.90%	0.40%	0.10%	0.00%	0.20%	1.10%
Ward 20	85.70%	1.40%	6.80%	5.30%	0.20%	0.10%	0.40%	-
Ward 21	60.00%	2.50%	13.40%	23.70%	0.00%	0.00%	0.20%	0.00%
Ward 22	82.70%	13.40%	1.20%	2.20%	0.10%	-	0.20%	0.30%
Ward 23	96.60%	0.20%	1.60%	1.00%	-	0.10%	0.40%	0.10%
Ward 24	87.90%	6.10%	4.60%	0.90%	0.30%	-	0.20%	-
Ward 25	74.90%	2.30%	5.10%	17.50%	0.10%	-	0.10%	-
Ward 26	86.40%	0.50%	9.50%	3.30%	0.10%	-	0.20%	-
Ward 27	66.40%	2.60%	7.00%	23.60%	0.10%	-	0.30%	-

**Table 19:** Energy mostly used for cooking (stats SA Census, 2011)

## 3.1.2 ELECTRICITY INFRASTRUCTURE

Generally existing bulk electricity supply in the area is limited. KwaDukuza Municipality has encountered challenges with regard to its power supply. The situation has led to total dissatisfaction in terms of the quality of service and quality of supply. In many instances these interruptions have been caused by cable theft, overload situations and nuisance tripping.

KwaDukuza has experienced phenomenal growth over the past few years which has increased the demand for supply imposed on the existing electricity networks considerably. It must further be noted that the infrastructure is aging and cannot meet the demands of this phenomenal growth. The electrical load growth over the past seven years, measured in (MVA) has increased within the Electricity supply area of jurisdiction as follows:

AREA	2007	2008	2009	2010	2011	2012	2013
Northern Network	45 MVA	53 MVA	55 MVA	56 MVA	57 MVA	57 MVA	57 MVA
Southern Network	27 MVA	39 MVA	42 MVA	46 MVA	47 MVA	48 MVA	54 MVA
Total	72 MVA	92 MVA	97 MVA	102 MVA	104 MVA	105 MVA	111 MVA

Due to the above-mentioned load growth experienced, priority projects were identified and funded. These key projects align with the Energy Master Plan/Network study which has been adopted by Council.

The limitation in respect to available Bulk Capacity across the entire area of Electricity supply has a negative impact on development however unless considerable direct grant funding can be levered from institutions such as the Department Energy, and other Government Agencies, the Municipality will be reliant of its capability to raise own funds as well as Developer non reimbursable contributions to funding of Electricity Bulk Infrastructure upgrades.

This situation demanded that the Municipality upgrade its networks in order to stabilize and improve the quality and firmness of supply. To achieve a phased approach

External Loan Funding necessary to support the roll out of the network upgrades and extensions as prioritised in the Energy Master Plan was concluded toward the latter part of the 2011/2012 financial year providing access to R157 613 644 for the execution of projects approved for the 2012/2013 financial year. The present upgrades which are at an advanced state of implementation are in line with the findings of the Energy Master Plan Network Study conducted by Aurecon which were adopted at the Council Lakgotla.

This Master Plan is a living document and requires to be updated at least bi-annually so as to align with changing dynamics and pressures from the Development Arena.

The Council has commissioned a review of the Network Energy Master Plan which commenced in the 2013/2014 Financial Year and will complete in the 2014/2015 financial year. The revision of this Network /Energy Master Plan will guide correct decision making in respect to priorities and Budget requirements on the MTEF going forward.

Responding to the infrastructure challenges identified in the Master Plan, the Municipality has and or is presently implementing the following key upgrades:

### o Southern Network

For the Southern network KwaDukuza Municipality has upgraded the Shakaskraal/Hilltop/Business Park 33 kV Overhead line and associated network equipment from 19MVA capacity to 30MVA capacity. This will now enable the Ballito and surrounding areas load to be transferred over to the Shakaskraal substation via the Hilltop/Imbonini/Chakasrock supply circuit, when overload conditions prevail due to cable theft and/or storm damage occurring causing a loss of supply from the Driefontein feeder or Collisheen feeders each respectively.

The KwaDukuza Municipality has now secured a firm 30 MVA capacity (Premium Supply) from ESKOM via the ESKOM Driefontein substation to augment supply from Driefontein Sub Station into Council's supply area. Two new 33kV overhead lines have been constructed from Driefontein sub station and connect into the existing 33kV ring feed circuits serving bulk supply requirements for the Southern Networks.

These Driefontein 33kV circuits will ultimately connect into the proposed NEW Dukuza 33/11 Kv (Firm 10MVA) substation which is to be constructed adjacent to the proposed new ESKOM 132/33 kV (Firm 80MVA) DUKUZA substation to be established in the vicinity of Compensation Station. The availability of this firm 30 MVA capacities will provide sufficient bulk supply capacity leading to the medium term to provide for the degree of firmness of supply required as well as enable a host of alternative network switching configurations to satisfy contingency options under fault and load transfer conditions.

Introduction of the third transformer will increase the capacity to 20 MVA firm and 30 MVA infirm. This will address the Capacity requirements for local developments under construction or planned for the areas immediately surrounding the Compensation North and South.

KwaDukuza Municipality has also resolved to establish the new ESKOM/KDM intake substation to be known as Dukuza 132/33 kV substation within the next two to three years to cater for the future load growth. The estimated cost for this substation will be in excess of R100, 000,000.

Adjacent to the ESKOM 132/33 kV intake substation the Kwadukuza Municipality is to construct initially a firm 33/11kV substation. Together with its 2x10 MVA transformers and associated voltage regulation and ancillary equipment the estimated cost for this sub station is of the order of is R57, 100,000. The assessment of the

Regrettably the progress with the establishment of the New Dukuza 33/11 kV (firm 10MVA) substation and the new ESKOM 132/33 kV (firm 80 MVA) Dukuza substation to be established in the vicinity of Compensation Station has been delayed unduly due to difficulties experienced in securing the necessary Land

### **Rights for the Servitudes within which the substations will be established.**

The new Sheffield 33/11 kV substation which is central to the emerging growth node in the Umhlali/Salt Rock/Sheffield Beach areas of supply has been completed. The substation has not been fully commissioned due to the collapse of the Joint Venture partnership comprising of Developers who were to fund the cost of the 33kV bulk cables connecting supply from the Shakaskraal 33Kv intake sub station to the New Sheffield Substation. Council has now arranged Loan Funding to enable the Council to install these essential 33kV cables and it is envisaged that construction will commence in mid September 2014 (6 month project – value R18, 500,000).

Upon establishment of Sheffield substation it shall be possible to transfer at least 5 MVA of existing load from Shaka's Rock substation over to the new Sheffield substation which will also reinstate the firm 10 MVA capability at Shaka's Rock substation during peak season and also release load off the Shakaskraal, Hilltop, and Imbonini 33 kV circuit.

To fully utilize the available capacity and relieve load from Shaka's Rock substation as well as reinforce supply to the far end of Sheffield Beach has necessitated the installation of a suitably rated dedicated 11 kV feeder cable to connect between Sheffield Substation and Villa Royale Switch room at a contract value of R4, 744,377.39 For this project a contract has been completed during the 2013/2014 financial year.

The benefit to be derived from interconnecting the two firm 10 MVA substations will be the capability of transferring network load between major sub stations under emergency conditions thus allowing for a greater security of supply. The estimated cost for this project is R65, 760, 640.

The assessment of the infrastructure has determined that the age and condition of the majority of DC-Battery Charges and Batteries installed at major substations and switch rooms posed a great risk to the correct functioning of equipment protective devices. The DC-supply is used to energize the protection relays and control the tripping/ closing coils on all the 33 and 11 kV breakers. Phase Two of the project to replace DC Tripping supplies has been accomplished during the 2013/2014 financial year.

The need for replacement of obsolete old technology Protection Relays and re calibration of all 33 and 11 kV breakers protection relays was identified. The phenomenal growth that KwaDukuza Municipality has experienced over several years has caused overload situations on various 33KV feeders. The said conditions have caused ESKOM supply/protection relays to operate and caused the ESKOM supply to trip. On many occasions faults have passed through Council's protective devices with resultant fault trip on ESKOM supply side. Phase Two of the Protection Relays replacement re calibration program has been accomplished during the 2013/2014 financial year.

### **o Northern Network**

Rapidly expanding Customer Growth more specifically in the developing areas of Groutville (KwaDukuza Infills – Groutville Priority 2 & Groutville Priority 5 Human Settlement Projects) has necessitated that a new 33/11 kV substation be constructed in the Groutville/Priority One area as a high priority. A contract for this Strategic Project has recently been awarded at contract Value R31, 220,979.69.

The lengthy delivery period required for the power transformers will dictate that this project will possibly be completed within an 18 month period.

Once commissioned, Groutville Priority One Substation will enable a release of excessive load on 11 kV overhead lines/ feeders supplied from Glenhills 33/11kV substation.

To reduce excessive load on the existing 11 kV feeder cables, supplied from Lavoipierre Substation, the Network Master Study confirms that new 11 kV Switching Stations (Nodal Switch Room), require to be established/constructed, within the KwaDukuza CBD area, Saunders street Reservoir and Hesto Harnesses areas. It is proposed to ultimately interconnect the CBD Switch room via Saunders Street switch room with Glenhills substation. These projects are at an advanced stage of construction and will become fully operational during the second quarter of the 2014/2015 financial year.

### **o Service Delivery**

Due to the load growth experienced, priority projects were identified and funded. These key projects align with the Energy Master Plan/ Network study which has been adopted by Council.

## ○ Highlights

The following schedule provides an overview of the current projects from the priority planning implemented during the 2013/2014 financial year and the current status:

Item	Project Information	Provision 2013/2014 Adjustment Budget	Actual Target/ Performance	Expenditure on 2013/2014 Capex Budget
1	Furniture and equipment	R24,000	1 desk and 1 high back chair – In house :	R18,269.00
2	Safety Equipment, FAS, PPE, Portable Earths	R190,000	6 x Pair of 33/11kV gloves. 8 x Pair of 1000V gloves. 5 x 11kV telescopic link stick. 2 x Portable earths to earth overhead lines. 6 x Safety belt. -In house :	R80,639.00
3	IT Equipment	R50,000	2 computers - In house :	R25,893.00
4	Ladders	R50,000	5 ladders purchased. – In house :	R142,000.00
5	Tools and Equipment	R140,000	12 x LV multi meter stick. 12x LV amp meter. 4 x LV phase rotating. 8x small cable core cutter 5 x medium cable core cutter. 4 x cato medium MV tester. 8 x small LV duspol tester. 4 x ricky overhead lines. 10x come alongs. 2 x portable light fitting. 4 x hand stamper to compact soil. 6 x nylon slings. 4 x hand operated auger to drill holes into OHL poles. – In house :	R68,117.00
6	Radios	R25,000	2 radios purchased. – In house :	R17,940.00
7	Signalised intersection upgrade	R200,000	2 signalised intersection upgrade in the CBD. – In house :	R41,800.00
8	Electrical recording Equipment -	R180,000	1 x 3 phase load recording device – In house :	R72,840.00
9	Air - Conditioner	R8000	Purchase of 1 airconditioner for room 21 Lavoipierre Building - In house	R3,941.00
10	Filing Cabinets	R20,000	Purchase of 4 filing cabinets - Inhouse :	R6,340.00
11	Street Lights (Cluster A (Ward 1, 2, 3, & 25	R449,358	Tender MN 118/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 15 Street lights installed	R202,608.00
12	Streetlights (Cluster B) (Ward 13, 19, & 27)	R168,509	Tender MN 118/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 16 Street lights installed	R123,237.00
13	Streetlights (Cluster C) (Ward 14, 15, 24 & 26)	R522,217	Tender MN 119/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 80 Street lights installed	R387,664.00
14	Streetlights (Cluster D) (Ward 9, 10, 11 & 12)	R528,628	Tender MN 119/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 80 Street lights installed	R358,273.00
15	Streetlights (Cluster E) (Ward 7, 8, 20 & 23)	R503,524	Tender MN 120/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 82 Street lights installed	R389,927.00
16	Streetlights (Cluster F) (Ward 4, 6, 21 & 22)	R251,762	Tender MN 120/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 27 Street lights installed	R181,362.00
17	Streetlights (Cluster G) (Ward 5. 16, 17 & 18)	R224,679	Tender MN 118/2012 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd 32 Street lights installed	R223,311
18(a)	Street Lights (Cluster A (Ward 1, 2, 3, & 25	R416,225	Tender MN 209/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd	R276,050
18(b)	Streetlights (Cluster B) (Ward 13, 19, & 27	R154,003	Tender MN 209/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 21 Street lights installed	R118,988

## ○ Highlights

The following schedule provides an overview of the current projects from the priority planning implemented during the 2013/2014 financial year and the current status: ...continued

Item	Project Information	Provision 2013/2014 Adjustment Budget	Actual Target/ Performance	Expenditure on 2013/2014 Capex Budget
18(c)	Streetlights (Cluster B) (Ward 13, 19, & 27)	R154,003	Tender MN 209/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 21 Street lights installed	R118,988
18(c)	Streetlights (Cluster C) (Ward 14, 15, 24 & 26)	R416,225	Tender MN 209/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 100 Street lights installed	R338,665
19(a)	Streetlights (Cluster D) (Ward 9, 10, 11 & 12)	R415,655	Tender MN 210/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 95 Street lights installed	R380,086
19(b)	Streetlights (Cluster E) (Ward 7, 8, 20 & 23)	R415,655	Tender MN 210/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 100 Street lights installed	R248,942
19(c)	Streetlights (Cluster F) (Ward 4, 6, 21 & 22)	R207,827	Tender MN 210/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 38 Street Lights Installed	R232,532
19(d)	Streetlights (Cluster G) (Ward 5, 16, 17 & 18)	R207,827	Tender MN 210/2013 Consultant : R & G Consultants Contractor: Edison Power Electrical (Pty) Ltd 32 Street lights installed	R260,265
20	Driefontein: Construct 2 x single 33kV circuit on wood poles) 30 MVA capacity	R822,976	Tender MN 109/2011 Consultant : Aurecon Contractor: Edison Power Electrical (Pty) Ltd Original project closed out at end of financial year. – Variation order issued to reconstruct interlinking feeders into Ballito to 30 MVA Capacity as well.- Variation order carried over to 2013/2014 financial year Project Complete	R657,268
21	New 10 MVA -33/11kV, firm capacity Sheffield substation	R23,838,398	Tender MN 171/2011 Consultant : Elliot Breytenbach and Gray Contractor: Siemens Tender contract awarded 14 June 2012 at close of 2011/2012 financial year. Delays in securing sub station servitude rights. – Lengthy delivery time for transformers and switchgear slowed project- Project carried forward to 2013/2014 financial year for completion.- Project now complete - Collapse of Joint Venture formed by developers has delayed 33kv bulk supply from Shakaskraal Intake sub station. – Council to secure Loan funding to install 33kV Bulk Supply Cables at Council's Expense (2014/2015) financial year	R19,366,886
22	11kV Cables from Sheffield Substation to Village Switch Room	R4 752 864	Tender MN 133/2012 Consultant : Aurecon Contractor: Cato Ridge Electrical Project Complete	R4 313 053
23	Upgrade protection relays phase 2 – (North and South)	R1 728 654	Tender MN 217/2013 Consultant : R & G Consultants Contractor: Consolidated Power Projects Project Complete	R1 696 250
24	Upgrade DC Batteries and chargers - phase 2 – (North and South)	R1 319 686	Tender MN 218/2013 Consultant: R & G Consultants Contractor: Diversified Power and System Integration (Pty) Ltd Project Complete	R998 083

## ○ Highlights

The following schedule provides an overview of the current projects from the priority planning implemented during the 2013/2014 financial year and the current status: ...continued

Item	Project Information	Provision 2013/2014 Adjustment Budget	Actual Target/ Performance	Expenditure on 2013/2014 Capex Budget
25	MV Upgrades North 2013/2014	R 1 338 909.00	Tender MN 280/2013 Consultant: R & G Consultants Contractor: Electrotech Electrical Project Complete	R 773 321.16
26	MV Upgrades South 2013/2014	R1 374 660.00	Tender MN 267/2013 Consultant: R & G Consultants Contractor: GEECO Project Complete	R 849 983.19
27	Groutville Priority 2 Electrification	R4 119 143.00	Tender MN 216/2013 Consultant: Amaghawe Consulting Engineers Contractor : Edison Power Electrical (Pty) Ltd Under construction – Multi year project	R3,598,692.57
28	Groutville Priority 5 Electrification	R4 119 143.00	Tender MN 245/2013 Consultant: Amaghawe Consulting Engineers Contractor : Edison Power Electrical (Pty) Ltd Under construction – Multi year project	R1,796713.11
29	Upgrade MV Networks – South – 2012/2013 – Install 11kV cable Foxhill/Taffeni	R918 694.00	Tender MN 125/2012 Consultant : Aurecon Contractor: Raw Power ( Pty) Ltd Project Complete	R 784 266.23
30	Upgrade MV Networks North and South – 2011/2012	R2 962 682.00	Tender MN 15/2011 Consultant : Aurecon Contractor: NCO Electrical Project partially Complete – To be completed by Edison Power Electrical -2014/2015	R627 896.93
31	Upgrade Bilkis Street Switchroom (Upgrade substations North)	R1 993 033.00	Tender MN 121/2012 Consultant : Aurecon Contractor: Malesela Transmission and Distribution Project to Complete in First Quarter 2014/2015	R1 089,015.58
32	Upgrade Hydrangea Road Switchroom (Upgrade substations North)	R3 838 351.00	Tender MN 122/2012 Consultant : Aurecon Contractor: Malesela Transmission and Distribution Project to Complete in First Quarter 2014/2015	R2 868,769.67
33	Sappi Interconnector 33kV Overhead Line	R630 650.00	Tender MN 126/2012 Consultant : Aurecon Contractor: Edison Power Electrical ( Pty) Ltd Project to Complete in First Quarter 2014/2015	R 527 265.03
34	Glenhills to Lavoipierre 33kV cable	R2 261 848.00	Tender MN 123/2012 Consultant : Aurecon Contractor: Cato Ridge Electrical Project Complete	R2 148,868.15
35	Groutville Priority One 33kV Sub Station	R 4 453 078.00	Tender MN 243/2012 Consultant : Aurecon Contractor: Powertech System Integrators (Pty) Ltd Under Construction – Multi year project – will close out 2015/2016	R644 884.13
36	Saunders Street 11kV Switchroom	R 6 256 586.00	Tender MN 33/2012 Consultant : Aurecon Contractor: Cato Ridge Electrical Project to Complete in First Quarter 2014/2015	R3,853,980.23
37	CBD 11 kV Switchroom	R8 049 466.00	Tender MN 34/2012 Consultant : Aurecon Contractor: Cato Ridge Electrical Project to Complete in First Quarter 2014/2015	R7,252,495.36
38	Hesto 11 kV Switchroom		Tender MN 35/2012 Consultant : Aurecon Contractor: Cato Ridge Electrical Project to Complete in First Quarter 2014/2015	
39	11kV Cables Saunders Street to Glenhills s/s	R7 067 223.00	Tender MN 129/2012 Consultant : Aurecon Contractor : Solethu Energy (Pty) Ltd Project Complete	R6 200 080.84

- 174 persons in all Wards were employed as part of Extended Public Works Labour Intensive Works Programme in order to enhance job creation in local communities.
- Tender specifications were prepared and External Service Providers were appointed on a contract basis to provide Support in the following areas where weaknesses had been identified within the existing structure of the operations wing – street light repairs – cable route tracing and cable fault locating – after hours availability of skilled personnel to assist with break down repairs on overhead lines and underground cable networks.
- To ensure continuity these contracts are Multi year awards. This outside support has contributed significantly to eradicating backlogs and improving service delivery.

### ○ Challenges

- > Delay in the awarding of tenders due to the lengthy SCM processes to be followed in compliance with the prescripts of legislation.
- > Lack of skills within the Electrical Engineering Sector poses problems because critical key vacancies could not be filled which has placed the available skilled Personnel under extreme pressure and has impacted on service delivery.
- > The Organisational structure of the Electricity Directorate has become Inadequate to cope with the exceptional growth in customer base and expansion of networks due to the unprecedented development experienced throughout KwaDukuza.- Although Organisational Structures have been revised and approved by Council for implementation budget constraints remain a hindrance for the full benefit of human resource expansion to be realised.
- > Delays were experienced in the appointment of service providers.
- > Long lead items for projects deliveries result in delayed execution of projects.
- > Shortages of staff in the Street Lighting Repairs section has given rise to an accumulated backlog in the roll out of street light repairs. This has created considerable community dissatisfaction necessitating in the short term the engagement of Two external service providers to assist in eradicating the backlogs. Good progress is now being made in respect to the repair od defective streetlights. Two additional Aerial lift hoist platform trucks are to be purchased in the 2014/20145 financial year which will also alleviate the situation.

### ○ Job Creation - Electrical Engineering Projects

It is a requirement for all construction tender contracts where applicable to include a high level of Labour Intensive construction methods aligned with the principles of the Expanded Public Works Program for job creation.

Total number of job opportunities created for the 2013/2014 financial year was **174**, giving rise to a total of **8,566 man days** being worked. The total value of wages paid amounted to **R1, 553,132.00**. The projects on which this labour was engaged involved predominantly overhead line construction which is generally not labour intensive.

The target was 200 however due to labour intensive projects involving cable trenching and installation of underground cables being rolled over to the 2013/2014 the target was not met. The number of temporary Job opportunities to be created will improve significantly during the course of construction of the underground cable related projects.

### ○ Free Basic Services and Indigent Support (FINANCE)

Indigent households receive 75 KWH of electricity free each month. Refuse for these low income areas are raised and credited from equitable share. Rates on properties below a certain value receive a 100% rebate.

## 3.1.3 ELECTRICITY PLANNING & CUSTOMER SERVICES

### ○ Overview

The Electricity Planning and Customer Services Directorate deals with many and diverse aspects of electricity supply administration related to new customer electricity connection applications as well as administrative process documentation co-ordinated by other directorates within the Municipality.

Applications Processed	2013/2014
New Supply Connections	188
New Supply Quotations	837
Building Plans	1 033
Encroachments	4
Relaxations	136
Telkom	13
Vodacom	4
MTN	5
Neotel	3
DFA	3
Indigent Services Estimates	30
Special Consent	23
PDA – (Sub divisions / Rezoning)	16
TOTAL APPLICATIONS PROCESSED	2 295
<b>TOTAL APPLICATIONS PROCESSED</b>	<b>2 295</b>

## o Fleet Services

The prime focus of Fleet Services is to provide and maintain a safe, economical and reliable municipal vehicle fleet through the effective utilization of allocated resources to ensure timeous availability of vehicles.

> Fleet Profile: 207 Units

Description	Number
LDV (Half Ton)	7
LDV Normal (1Ton)	40
LDV 4 X 4	28
SEDAN	56
4 ton Truck	19
Cherry Picker	3
5 ton Crane Truck	7
Refuse Compactor	10
Skip Loader	2
Fire Tender/Rescue	4
Fire Tender/Rescue 4 x 4	3
Water Tanker	1
Motor Grader	4
TLB Loader Digger	4
Trailer	11
Mobile Law Enforcement operational Panel Van	1

## o Highlights

The Fleet Services Directorate procured Twenty one (21) new light motor vehicles to be used by the various Directorates in the furtherance of service delivery. (Total procurement value of **R3 348 862**)

- > Four x NISSAN NP 300 - K29 - 2LT-LWB-SE vehicles ( rt57 -02-20-02 – page 23) at price **R143,740.00** each (VAT inclusive) - combined cost = **R574,960.00 vat inclusive**
- > Six x Nissan Almera H50 Sedan 1.5 Visia 4 - Dr M/T vehicles - (RT57-01-15-02 – page 5) at price **R145,246.00 each** (VAT inclusive) - combined cost = **R871,476 vat inclusive**
- > Seven x Nissan NP 200 - UA7 - 1.6 - 8V with aircon + safety pack vehicles - (RT57-02-16-01 – PAGE 22) at price **R114,868.00 each** (VAT inclusive) - combined cost = **R804,076 VAT inclusive**
- > Two x Nissan NP 300 - K35 - 2.4 LWB – 4 x 4 vehicles (RT57-02-24 02-PAGE 25) at price **R173,431.00 each** (VAT inclusive) - combined cost = **R346,862.00 VAT inclusive.**

> Two x Nissan – N42 - Navara 4.0 – 4 x 4 D/C - M/T LE Vehicles (RT57-02-40-07 – page 30) at price **R375,744.00 each** (VAT inclusive) - Combined cost = **R751,488.00 VAT Inclusive.**

> The Fleet Services Directorate procured two (2) 20,3 Cubic metre Waste Compactor Trucks and one (1) Skip Loader Truck to be utilised by the Municipal Services Directorate in the furtherance of service delivery. (Total procurement value of **R5 905 988.70**).

> The Workshop attended to 128 scheduled vehicle services and prepared 29 trucks for certificate of being roadworthy inspection/ testing.

> The Workshop attended to a total of 709 unscheduled vehicle repairs comprising of activities such as non-start due to flat batteries, punctures, ignition and transmission problems. 229 of these were attended to periods outside of normal working hours and 481 were attended to during normal business hours.

## o Challenges

- > Delays experienced in the appointment of Specialist service providers following the SCM legislated procurement processes has an impact on the turnaround times for fleet availability in certain cases.
- > The ever rising costs of fuel is inflating fleet operating costs and also gives rise to increased incidence of attempted fuel theft.
- > Lack of skills/training in respect to repair and servicing of specialised fleet in-house
- > Two Artisan Mechanic vacancies arose as the result of natural attrition (Pension and Resignation). The Senior Clerk position has also become vacant due to the incumbent being promoted to another Directorate. These vacancies have placed undue pressure on the remaining staff and have impacted negatively on service delivery.
- > Generally all user directorates do not comply with reporting requirements as provided for in the Council approved policy for the operation and utilisation of Municipal Fleet

## o Service Delivery Backlogs

For the present time no service delivery backlogs are encountered due to the entire fleet being relatively new and the low monthly distances travelled by the fleet.



## CIVIL SERVICES

Council recommended and approved that Civil Engineering Service Department be separated from Electrical Engineering Department. The posts of the Executive Directors were approved on contractual basis. The organisational structure was reviewed according to the two (2) departments. The new organogram was approved with proposed new additional staff to operate within the 7 clusters. The services were planned and rendered in terms of clusters. Below are the services rendered:

- Road maintenance
- Gravel road maintenance
- Construction of new roads
- Storm water maintenance
- Construction of new storm water reticulation
- Construction of new roads and gravel roads with newly purchased yellow machines

P 445 the entrance road to Ballito commenced and will be completed by October 2014. The Municipality together with the Government budgeted to spend about R62 million towards the upgrade of this road from two (2) lanes to six (6) lanes.

The roads Master Plan Phase 2 were completed and Council approved Phase 3 in June 2014. The critical areas that were identified in the Master Plan were almost completed. Rehabilitation was undertaken on 449 km of roads. 100km of gravel roads and 125km storm water reticulation during this year. Additional 20km of roads were inherited from Ward 27 which was previously demarcated under Ndwedwe Municipality.

The gravel roads were re-gravelled. Over five years it was estimated that R 825 million will be required to address the roads in the current configuration of KwaDukuza Municipal Boundaries. The capital expenditure improved from 34% to 53.62%.

**Strategic Objective 1:** Maintain and upgrade the existing roads infrastructure.

The road maintenance plan roll-out target was met by maintaining 80,81km for the financial 2013/2014. The following matters were included into the maintenance plan:

- Maintenance of roads 80.81km
- Maintenance of gravel roads: 107.65km
- Potholes maintained and repaired: 16174 1m<sup>2</sup>
- New roads established: 91.43km

**Strategic Objective 2:** Maintain and upgrade the existing storm water infrastructure.

With reference to the development that took place within the urban and rural areas the Municipality Civil Department is under pressure to

maintain and upgrade existing and new storm water reticulation which was developed and reported on in the Roads and storm water Master Plan during the 2013/2014 financial year, it was envisaged to maintain and to install 100km storm water reticulation.

This was, however, hampered by the late appointment of consultants and contractors to roll-out the Master Plan maintenance plan on the storm water. Rains also played a role in the maintenance and upgrade of storm water reticulation.

It was proposed to purchase a jet machine in order to clear block storm water systems faster in order for rain water to run out.

### Maintenance Plan:

Only 13,27km of storm water reticulation systems were cleared and maintained

**Strategic Objective 3:** Maintain and upgrade the existing Municipal assets.

- The Civil Department Building Section maintained all Municipal assets on a request basis from other user departments and that information was indicated into the performance score card.
- One hundred and twenty seven (127) municipal buildings were maintained
- Thirty nine (39) halls maintained

### Performance Highlights:

- All the Civil Department projects which include MIG Projects, Capital Projects, DBSA Projects are 90% on the ground and will roll-out for completion by December 2013.
- Project Managers contract was extended for additional year in order to see all the projects through up to completion.
- MIG Programme projects are all allocated to consultants or to contractors for roll-out.
- Capital projects are also on the ground and same on the way for appointment of contractors.
- All the above mentioned projects are in line with the IDP and SDBIP with budget roll-over to the 2013/2014 financial year to complete.

### Challenges:

- Awaiting work to emerging contractors, were sometimes criticized due to the standard and quality of work.
- Lack of scarce skill within the Civil Engineering Services and post problem to funded vacant positions not to be filled.
- Staff placed on projects had to work longer periods on these projects due to the lack of skilled staff.
- Training of staff took longer to train therefore they are placed on projects later than anticipated.
- Delays were experienced in the appointment of service providers.

# MUNICIPAL SERVICES

## WASTE MANAGEMENT

The Waste Management section has managed to extend their service by using EPWP programs to cover areas that are not permanently serviced and other hot spots that need to be serviced

### Highlights:

- Procured 1 x Skip loader truck
- Procured 2 x compactor truck
- In the process of adding new areas to be serviced

### Challenges:

- Shortage of Drivers
- Old fleet need to be replaced

## SAFETY AND SECURITY

### Operational staffing

The fire & emergency services has seen a strategic improvements to staffing levels, staffing compliment now has reached?

With the current scale of operations, our staffing compliment remains adequate. Additional staffing requirements form part a set of long-term objectives, including - though not limited to:

1. Building a Fire & Emergency Services Head-quarters, located along the R102.
2. Commissioning satellite stations, aimed at servicing areas beyond 20-30 minutes response time range

### Training and development

1. Cadet Fire-fighters have received basic training, orientation course.
2. After 2-years of service, this corpse of Cadets are expected to go through training to capacitate them to Fire-fighter 1; Hazmat Awareness; code C driver's license and undergo departmental assessment.
3. Our training program is part of the employers' over-all capacity development program lead by the Human Resources Department.

### Equipment and vehicles

The department is currently equipped with 4 x fire Engines at 2 stations, Ballito and Kwa-Dukuza. In addition to the above, general utility vehicles from part of the Fire & Emergency Services' fleet muscle:

	Vehicle	Purpose	Base
1	Nissan Tiida	General utility	Ballito
2	Nissan Tiida	General utility	Kwa-Dukuza
3	Nissan single-cab 4 x 4	General utility	Kwa-Dukuza
4	Nissan single-cab	General utility	Ballito
5	Nissan double-cab 4 x 2	General utility	Ballito
6	Toyota Land-cruiser	Rapid response unit	Kwa-Dukuza

### Emergency service communications support

The current Emergency Call-Centre facility is housed at the Ballito Fire Station. Strategically, this remains a challenge for structural reasons. The ideal is to have this facility housed at a stand-alone facility preferably in Kwa-Dukuza.

The current call-centre solution, is now obsolete. Administrative capacity remains manual with **Occurrence Books** used as primary means of record keeping. Staffing for this facility remains inadequate for an ideal shift system of 4 x days on and 4 x rest days

### Auxiliary and administrative support

Our general support is made up of 2 x members, 1 at each station. Administrative support office is based in Kwa-Dukuza – staffed with 1 x person.

The department has a project of refurbishing the Driefontein Sport Field, unfortunately this tender was advertised twice in the previous financial year, but no responsive tenders were received. We have advertised again this financial year with a hope of getting responsive tenders.

Also in the 2013/2014 financial year the department set aside a budget for resurfacing of the netball/tennis court in Ward 16, and this project has been awarded and construction is in progress.

Also as part of the project in the 2013/2014 financial year, the department budgeted for refurbishment of the Shakaville Tennis Court and this project is 80% complete, and an upgrade of the Lindelani Sport field which is also 90% complete.

# COMBO COURTS

Municipal Services department in the 2013/2014 financial year budgeted for the construction of four combo courts in wards: 1, 11, 15 and 27. This project has been awarded and the construction is in progress. The anticipated completion date is the end of May 2015.

# PARKS AND GARDENS

The department of Parks and Gardens has Alien eradication programme, and the following areas have been cleared of alien invasive: Pigeon wood Swamp Forest, Water Berry Swamp Forest, Gledhow South Village, Blythdale and Zinkwazi.

## CRÈCHES / CHILD CARE FACILITIES

Municipal Services department in the 2013/2014 financial year budgeted for the construction of three Crèches in wards: 14, 18 and 23.

## BEACH AMENITIES

In the 2013/2014 a budget has been set aside to do an upgrade on the Lifeguard Towers and Ablutions blocks. Towers in the following beaches will be upgraded:

- Zinkwazi Beach – the tenders has been awarded.
- Tinley Manor – Tender has been awarded.
- Salt Rock – it is still at Tender stage.

## HUMAN SETTLEMENT

KwaDukuza is the economic hub of the ILembe District and because of this reason that most people from other parts of the ILembe district find it to their advantage to come and settle in KwaDukuza in pursuit of both housing and job opportunities. The current low income housing backlog in KwaDukuza is still high, but the Municipality is in the process of finalizing the delivery of the already constructed houses to owners. The natural growth in the area is in the region of 4%, and together with relatively small average household sizes, it leads to a situation where demands for new housing units are ever increasing. If housing delivery continues at its current pace, then the backlog will remain over a period of 10-15 years, and increase dramatically thereafter if delivery is not significantly increased. KwaDukuza Housing Demand Database suggests that the total housing backlog in KwaDukuza is sitting at 68000.

### Challenges in housing provision:

- Is the scarcity of land to build houses.
- In cases where land is available, the landowners are asking for extremely high prices.
- There are landowners, who have regarded shack farming as an income generating activity and do so without providing basic services like water, sanitation, roads, etc. In most instances, these people are living in very squalor conditions. This then necessitates KwaDukuza Municipality to become proactive in providing decent living conditions for these people.

### Financial Projections:

For implementation of the current projects listed in the Human Settlement Programme, the municipality needs to acquire land for R59 million rand over the next 4 to 5 financial years; prepare for linkage of bulk and internal reticulation services to the value of over R2.5 billion rand. This equates to approximately R69 000 per low income housing unit at today's prices.

### 1. LEVEL 2 ACCREDITATION

KwaDukuza Municipality is one of the seven (7) municipalities in KwaZulu Natal that has been given a human settlements accreditation status. The level of accreditation for KwaDukuza Municipality is Level 2. The accreditation status is whereby the National and Provincial Department is delegating some of the human settlements development planning, approval and implementation to local municipality after the municipality has been independently assessed by the accreditation panel. KwaDukuza Municipality entered into Accreditation Implementation

Protocol on the 7th of March 2013. This delegation is for the period of three years and it is performance based.

The municipality has been delegated these functions by the National and Provincial Department of Human Settlements:

1. Subsidy budget planning and allocation, and priority programme management and administration, including:
  - a. Housing subsidy budgetary planning functions across national housing programmes and projects;
  - b. Subsidy allocations; and
  - c. Project identification;

This responsibility will be given to the Municipality once direct access to the Housing Subsidy System is secured.

2. Programme management and administration, including:
  - a. Programme and project evaluation and approval;
  - b. Contract administration;
  - c. Subsidy registration ;
  - d. Programme management including cash flow projection and management; and
  - e. Technical quality assurance functions.

KwaDukuza Municipality has received huge grant funding from the Department of Human Settlements to build its own capacity to deliver on the new delegations. The process of filling the vacancies with highly qualified personnel is on-going.

It should be highlighted that the Council is also recruiting staff as part of the Accreditation requirement. The following posts were filled during 2013/2014 financial year: (Building Inspector: Quality Assurance and Finance Officer). The other posts were advertised and due processes of filling them are underway. This process will be completed in the before the end of second quarter of 2014/2015 financial year.

## BLOCKED HOUSING PROJECTS

KwaDukuza Municipality has a number of projects that are blocked because of various reasons. The municipality has been working with the Department of Human Settlements to unblock some of the projects and there is significant progress on this regards. Amongst the projects that fall under this category which has been some progress on them include Senzangakhona, Chief Albert Luthuli, and Ethafeni. The following blocked projects have been unblocked and are under construction: (1) Senzangakhona Project (2) Aldenville Housing Project (3) Siyembezi Phase 1, and (4) Gaza Strip Project. The projects are other construction and beneficiary are also taking occupants in the new housing.

## HOUSING RECTIFICATION PROJECTS

KwaDukuza Municipality has a number of projects that has been identified as projects which need to be assessed and considered under rectification programme. These houses were built prior to 2003 and they were poorly build and not suitable for human beings. The National Housing Building Regulatory Council (NHBR) has been appointed by Department of Human Settlements to make assessment of individual

houses within identified project and make recommendations about its quality or workmanship. The NHBRC has completed Mbozamo Housing Project and they recommendations to demolish the first 255 houses have been made. Funding has been approved for this project and the project manager appointed. The project will be implemented over the period of two years. The other project which were identified and some of them assessed by NHBRC are as follows: Nkobongo Phase 1 and 2. Various studies related to this project are underway. We are expecting to go out of tender for construction at the beginning of 2nd quarter of 2014/2015. The assessment of the following housing project (Nkobongo Phase 1 and 2, and Chief Albert Luthuli Housing Projects) has been conducted by NHBRC. The assessment reports related to the assessment of these have been forwarded to the client (Department of Human Settlements) toward end of the 2013/2014 financial year. The report recommendations will be considered by KwaDukuza Council in the next financial implementation.

## AFFORDABLE HOUSING

The municipality as part of its responsibility is implementing some projects to address the Gap Housing Project in our area and also private sector has been engaged to work on the same challenge. Rocky Park Project is one project that is currently under construction that has approximately 255 units. Gaza Strip project is currently selling its units off plan targeting the same market segment. The municipality will be appointing Implementing agents to implement other two projects in the Council owned land in Shakaville and Vlakspruit. Standard Bank as part of our Neighborhood Development Grant project known as Woodmead Node, are currently constructing civil works for the 800 affordable units and also building show houses. This project will be implemented over the period of two years depending on the demand of houses.

## SOCIAL HOUSING

KwaDukuza Municipality has identified strategic land parcels and took a resolution which declares those areas as potential restructuring zone in line with the Social Housing Act.

RESTRUCTURING ZONE	AREAS
ZONE 1	KwaDukuza CBD, Rocky Park, Stanger Heights, Doctorskop, Blythedale Beach, and Hyde Park
ZONE 2	Shakaskraal, Umhlali, Salt Rock, Ballito, Compensation and Greater Driefontein

The municipality is in the process of ensuring that the proposed areas or sites are declared as restructuring zones by the National Minister of Human Settlements in order to unlock Social Housing projects.

## HUMAN SETTLEMENTS PROJECT DEVELOPMENT APPROVAL

KwaDukuza Municipality during 2013/2014 financial year through Planning and Development Act (PDA) processes has approved the following projects: (1) Sokesimbone Housing Project (2) Driefontein Housing Project (3) Sokesimbone Rural Housing Project and also (4) Etete

Phase 4 Housing Project. It should be noted that is the first PDA related applications since the function was delegated to the local municipality. The approval of Driefontein Housing Project has been a significant milestone based on the long-period that the projects have been undercard. All these projects are in the process of sourcing stage 2 (infrastructure) and stage 3 (houses) funding from the Department of Human Settlements.

## PROJECT READY FOR CONSTRUCTION

Sakhamkhanya Housing Project (Phase 1) has received the approval for both stage 2 and 3 funding from the Department of Human Settlements. The Municipality has gone out on tender for the appointment of contractors to build both the infrastructure and housing. The tender adverts are closing on the 4th of July 2014. Then the contractor will be on site before end of 2nd Quarter of 2014/2015 financial year.

## NEW IDENTIFIED PROJECTS

Council has identified eight new projects for implementation during their term of office that comes to end in 2016. Progress has been made to appoint Implementing agency for the following projects: (i) KwaTwele (ii) Hangoes (iii) Monkey Town and (iv) Ohlange/Sansuace. The other projects appointments will be made during 2014/2015 financial year.

## CHALLENGES OF HUMAN SETTLEMENTS IN KWADUKUZA

1. Lack of sanitation bulk infrastructure funding is having a negative impact in the accelerating housing delivery in most of our projects.
2. There is a perceive demand of affordable houses in KwaDukuza Municipal area and which is not informed by a scientific research study. There is an urgent need for the municipality to commission a study on affordable housing demand in the area.
3. Projects concentrated in the hands of few service providers which impact negatively in housing delivery.
4. There is on-going inward and outward immigration of people in KwaDukuza which causes more challenges on both supply and demand side of housing.
5. Lack of council owned land for housing in Ballito make it impossible for Council to ensure integration of communities.
6. Lack of internal capacity to undertake pre-feasibility studies for housing projects.
7. Lack of site size policy for low cost housing,
8. Lack of human settlements density policy,
9. Poor close out of projects which make the municipality to have a long list of projects which most of them are not real projects.
10. Lack of land acquisition strategy for human settlements which lead Council to be on the mercy of the land owners,

# 3.2 COMPONENT B: ROADS CONSTRUCTION AND MAINTENANCE

## ROAD CONSTRUCTION, MAINTENANCE AND STORM WATER DRAINAGE

KwaDukuza Municipality approved its Roads & Storm Water Master Plan in November 2010. The critical areas identified in the Master Plan are maintenance of 449 kilometres of roads and construction of new roads. It must be noted that there is approximately 20 kilometres of road which came about after a new ward (Ward 27) was incorporated into KwaDukuza Municipality from Ndwedwe Municipality. The Master Plan has determined that an estimated amount of R58 million is required in the new financial year in order to undertake the following:

- Road maintenance
- Road upgrades
- Diversion of storm water channels from houses
- Construction of new storm water channels
- Construction of mid-block storm water channel

Upgrade to gravel roads which include construction, regravelling, shaping and cutting of existing roads and preparation for tarring, subject to the availability of MIG roads. It is estimated that over a five-year period this will require about R825 million to undertake this kind of work in the current configuration of KwaDukuza Municipal boundaries.

Department of transport embarked on a maintenance programme to maintain the major corridor roads towards KwaDukuza and through KwaDukuza Municipal area. Roads affected and now currently in the process of rehabilitation are the R 74 and R102 which are the main carriers within the jurisdiction Of KwaDukuza. Funds were set aside to deal with the roads and contracts have been awarded to contractors to rehabilitate.

KwaDukuza Municipality has strong North-South linkages via the N2 and Provincial road R102. These roads provide a basis for linking the main coastal nodes and the main Provincial Economic hubs (eThekweni and uMhlatuze). There are also distinct East-West linkages via the R74 and R614, these serve as a basis for connection of inland and coastal nodes, as well as other municipalities within iLembe District. Metrorail is the backbone of public transport in KwaDukuza with approximately half (49%) of the population (mainly inland) not having access to any formal mode of transportation.

An integrated transportation plan has been developed by iLembe District Municipality. Poor condition of roads due to poor standard of storm-water management and lack of maintenance are some of the municipality's concerns. An important component of the structuring of the future development of the area, focus on locating activities in areas of accessibility within the various corridors where higher accessibility exists.



# 3.3 COMPONENT C: DEVELOPMENT PLANNING THE KWADUKUZA SPATIAL DEVELOPMENT FRAMEWORK

An SDF is a planning process, within a broader suite or package of plans that is influenced by and takes direction from an Integrated Development Plan (IDP) of an area, and should in turn provide direction to the formulation of Local Area Plans (LAP's) and possible Precinct Plans, and effectively inform the Land Use Management Framework. The SDF provides an overview of the Status Quo/ Situational Analysis, detailing a range of issues pertaining to the current and likely future development context of the geographic nature of KwaDukuza Municipality.

## SPATIAL PLANNING AND LAND USE MANAGEMENT

The following core objectives are considered central to enabling growth and change in KwaDukuza to address many of the challenges facing the area:

- Protect the natural & cultural processes that are integral to the future growth of the region;
- Protect the inherent productive potential of land;
- Provide sustainable ecosystem resources to residents;
- Provide a robust movement network that balances local accessibility and regional mobility functions;
- Enhance equity and access within the movement system;
- Promote passenger rail transit as the basis of a public transport system that will support future growth and change in the region;
- Accept that movement, and public transport in particular, will be the key influence on future urban form within the region, and plan accordingly;
- Limit sprawl and the outward growth of urban areas;
- Reducing the need for commuting by promoting a greater degree of integration between residential areas and employment and other urban opportunities;
- Increase thresholds of support in sparsely populated areas (around local/service nodes?);
- Ensure that Public Spatial Investment directly address areas of Need (Economic, Service & Social);
- Improve sustainability of urban facilities in existing settlements and new growth areas;

- Eliciting private investment through targeted interventions in high potential growth areas;
- Promote responsible densification, intensification and infill development;
- Assist in protecting and conserving key natural, agricultural and heritage resources in the short to medium term;
- Contribute to supporting the development of a viable public transport system and improving current levels of accessibility to urban resources and amenities; and
- Provide a degree of certainty to developers and landowners on desired growth patterns.

## APPROACH TO INTERVENTION

The approach adopted to address these challenges is based on four fundamental precepts:

- Securing the Natural Resource Base;
- Developing a Spatial Lattice, predicated on Public Transport, for guiding growth and development;
- Structuring capital investment through a defined structure of investment nodes; and
- Managing Growth and Development on a sustained basis.

## SPATIAL CONCEPT ON LAND USE

The spatial concept of the SDF offers guidelines and recommendations with regards to the following:

- Residential development;
- Tourism development; and
- Industrial development.

## ELABORATING THE CONCEPT

Two concepts are proposed being the Coastal Cluster Concept which assumes an area bounded by an Urban Growth Boundary between the Freeway and the sea, and the river systems; and that it comprises a series of neighbourhoods.

A second concept has been developed for the inland Corridor along the R102. The Nodal Corridor concept is a "classic" Nodal Corridor. The concept exhibits how the communities (Groups of neighbourhoods) are located along and on either side of the High Friction road.

## IMPLEMENTATION FRAMEWORK

The SDF is part of the KwaDukuza IDP, and its implementation is crucial to the development of the municipal area and its communities. Through the IDP, the SDF will influence budgeting and resource allocation and specific interventions will be measured through the performance management system. Practical implementations of the SDF will be achieved through further detailed planning of special development areas. The KwaDukuza Spatial Development Framework contributes in a meaningful manner towards the spatial restructuring and development within the municipality, and it is therefore vital to address key implementation aspects related to the SDF and spatial planning in general. It is envisaged that the implementation of an SDF will have to address at least the following three aspects:

### ALIGNMENT OF EFFORTS

The alignment of spatial intentions and strategies with surrounding municipalities, especially those that comprise the iLembe District, to ensure regional combined effort and co-operation as well as internal alignment of the intentions of the SDF within all the internal departments within the municipality.

### RESOURCE TARGETING

The assessment of current capital investment target areas to assess the level of compliance to the findings and intentions of the SDF as well as to identify any gaps or needs for additional expenditure in order to achieve the desired spatial structure.

### FURTHER PLANNING

The strategic nature of the SDF always identifies key intervention areas which might require more detailed investigation and/ or planning and this should be addressed as a vital part of direct implementation of the SDF. This will also include some guidelines for the municipality's land use management system.

The outcomes of each of these areas of implementation planning then results in an overall systematic implementation strategy with a number of proposed interventions with the short, medium and long term and intends to directly influence the formulation of the KwaDukuza Integrated Development Plan.

### CONSULTATION

A consultation process was undertaken for the SDF.

## BUILDING CONTROL

### PLANNING AND DEVELOPMENT ACT (2008) IMPLEMENTATION

The municipality continues to be amongst the top seven (7) municipalities within the KZN Province that was identified as having the necessary capacity and experience to implement the Planning and Development Act (PDA) (enacted in 2008) without the support from the Province. This is evidenced by requests to share our experience with other municipalities through the Provincial PDA Forum regarding measures we have taken to implement the Act.

Furthermore, the municipality was represented in a task team that was looking at reviewing the enforcement provisions of the current Act – this being an indication of the municipality's experience gained over the years as well as the robustness of our existing processes and procedures. The municipality continues to share its experience within the local district level through the Planners Forum and will also continue to learn from other municipalities through the PDA forum and sending its officials to relevant training.

### HIGHLIGHTS

- The vacant position of Building Control Officer (Senior Manager: Building Control) has been filled,
- Town Planning and PDA have continued to ensure that investment is taking place and the turn around time has improved during the financial year reviews.
- The PDA Unit has fast-tracked the approval of four human settlements projects. They have been guiding the process and supporting IAs to comply with the legislations. This has unlocked the project that is crucial for service delivery.
- Staff members from Building Control have been trained on Green Building policy. Green building policy and bylaws.
- The municipality has participated and made contribution on the SPLUMA ACT, its implementation guidelines and also Town Planning Profession Act.
- The GIS Office service was established in KwaDukuza (Stanger).

### CHALLENGES:

- The moratorium on filing vacant posts has affected the approval of development applications.
- The introduction of new legislations (SPLUMA) might destabilise the system that has been created by PDA,
- Increase number of non-compliance with legislations,
- Lack of stand-alone unit focusing on enforcement of bylaws,

# 3.4 COMPONENT D: ECONOMIC DEVELOPMENT AND PLANNING

## LOCAL ECONOMIC DEVELOPMENT

KwaDukuza Municipality is in a privileged position as it is strategically located along the Durban Richards Bay corridor, it is contiguous to the King Shaka International Airport, it has a well-established tourism profile and it has abundant developable land within the municipality and its neighbouring municipalities. The result is that the locality is arguably already one of the fastest growing in Southern Africa and has the spatial capability to sustain this growth for a considerable period.

Positioning KwaDukuza in Competitive Sectors: For KwaDukuza as a locality to succeed economically and developmentally it must:

- Ensure that the long term socio-economic future is secure and that all local people are equipped and are capable of benefitting from the economy potential in a sustainable and productive manner.
- The economic priorities play to the comparative advantage of KwaDukuza, have a long term for innovation and growth.
- The economic priorities that are identified are also aligned to national and provincial priorities to ensure political and financial support.

There is a significant difference between intentional entrepreneurs (drive to build a business) and survivalist entrepreneurs (unable or unwilling to live on social grants). The perception that everyone wants to and can start a business is flawed (on average 5% of people succeed) and favouring SMME development over large scale systematic job creation is probably misguided.

The economy of KwaDukuza largely rests on the services the central business areas such as Stanger, Shakaskraal and Ballito deliver to its surrounding areas and hinterland. This is demonstrated by the very high share of the total employment found in services and service related branches. It has a high number of potential economically active populations that feed into the labour pool which is desired for the municipality that is developing. The economy of KwaDukuza is based on three major pillars:

- Agriculture
- Light industry
- Tourism

The population that does not earn an income has drastically reduced from the approximated figures of 61% in the past years to 40.90% in 2011. This category includes 14.10% of the population made up of children and housewives. Statistics shows that 04.00% of the employed people earn between R401 – 800. Below is the schematic representation of the recent income levels of KwaDukuza municipality from census 2011.

## SMALL MEDIUM MICRO ENTERPRISES (SMMES)

KwaDukuza Municipality, through its LED department, has a huge responsibility of improving the level of business education to local SMMEs. This can be achieved by introducing among other things; information sharing sessions, basic business skills training, one on one consultation sessions. Most importantly is to form a formal partnership in the form of Memorandum of Understanding with stakeholders that have a mandate to develop and support SMMEs.

These MOUs would then form the basis of the development required such as access to funding of SMMEs once they have been awarded tenders by the Municipality; financial management training as well as business etiquette; business compliance; product development as well as providing a one on one consulting sessions between SMME and the assisting organization.

- Inaugural SMME week was held in KwaDukuza and supported by various SMME development institutions.
- Business development sessions are held every month for SMMEs,
- One week retail management training for Spaza Shop owners was held in March 2014.
- SEDA and SABS have also roll-out some support to the SMME.
- The municipality has also begun to work with two financial institutions to deal with financial assistance. MOU will be signed on these initiatives.

## AGRICULTURE

Agriculture is a sector with the potential for large scale job creation and small, medium and micro enterprise development. There is indigenous knowledge and experience that, while skewed towards sugarcane production, could be transformed in a relatively short period of time.

The future of agriculture also needs to shift more to intensive, water prudent and innovative food production linked to the Ilembe school

initiative, the inevitable growth of the KwaDukuza locality and its population, as well as the export demands being created by the Agri-zone of the Dube Trade Port.

A high impact opportunity given its central location, population density, and superior social and economic infrastructure would be to set up and host a regional Agricultural training college where both theoretical knowledge and practical experience can be provided. The costs of running the college could be subsidized by running the farm as a commercial, but not for profit, social enterprise

## TOURISM

Tourism is a relatively mature sector but still has considerable growth potential. The current profile of tourism is primarily beach orientated and growth will be dependent on improving the beach infrastructure and regaining and maintaining the "blue flag" international quality standards.

The introduction and hosting of events such as Ballito Street heroes should remain the key priority for this sector. Tourism sector could be the drive in increasing the participation of communities, by establishing a Community owned Cultural Zulu Craft Village; thereby creating extra income stream that will help the sustain the community.

The municipality has facilitated the formation of KwaDukuza Community Tourism Organisation interim committee. The formation is in line with KZN Community Tourism Organisation Strategy. The municipality also has started the process of renew marketing collateral (website and tourism

brochure). There has been appointed of additional tourism information officer and also a Manager: Tourism and LED.

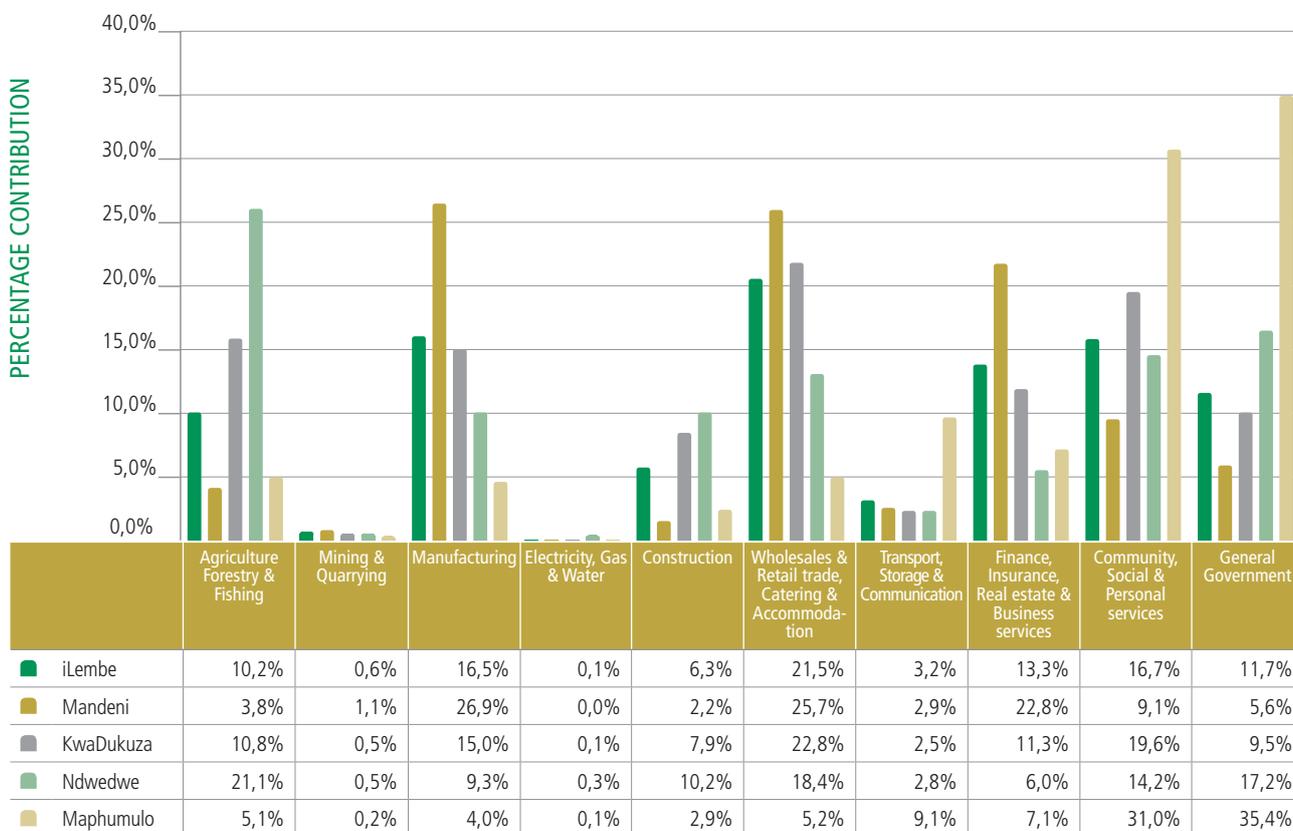
Events tourism remains one of the critical strategies to increase and grow the tourism sector. Council has continued to partner with ASP, Mr Price Pro and KwaDukuza to deliver successful lifestyle tourism event has continue with a huge feedback from the patrons of the event. Ballito Street Heroes was held during the moth of August. It was a success with reported 4500 headcount over two days. The event will continue to be held in the next financial years.

There has the urgent need to develop hinterland /township tourism within our area. This is one potential niche market that can attract new players (Black owned tourism entrepreneurs).

## MANUFACTURING

Innovative projects tailored for future growth are necessary to expand this declining sector. Production of food; agro-processing; detergents etc. on a small scale could be one of the developmental interventions. The provision of land and infrastructure could allow this sector to grow and the introduction of new Manufacturing projects.

There is however, a concern on the level of education of local entrepreneurs; which could hinder the proper growth of this sector. There arise a need to provide entrepreneurial training and access to information and markets. Through LED departments, marketing support is required to products manufactured by SMMEs



Graph 1: KwaDukuza's Main Economic Contributors

# KWADUKUZA MUNICIPALITY'S STRATEGIC DEVELOPMENT PROGRAMMES

## SWISS ECONOMIC COOPERATION (SECO) PARTNERSHIP WITH KWADUKUZA MUNICIPALITY (2013 -2017)

KwaDukuza Municipality, Mandeni Municipality and ILembe District Municipality will be entering on the strategic partnership with Swiss Economic Cooperation (SECO), focusing on the integrated economic development approach. This partnership will focus on four key areas that are critical for sustainable economic growth and job creation. These focus areas are as follows:

- (i) Public Finance – the focus will be to improved and strengthen our financial management by investing in systems and skills of the institutions. There will be a focus on good corporate governance and this is in line with the global thinking that strong and clean governments inspire confidence to the investors to invest.
- (ii) Infrastructure Development – the focus will be more on the infrastructure that supports the economy. This will include development of infrastructure investment plan, identification of funders of the plan and explore other service delivery mechanism.
- (iii) Value chain development – critical component of the programme in line with the advocacy that is made by the National Development Plan of focusing on the development of value chain for primary sector (agriculture and mining). The intervention will focus on various sectors that exist with a priority on agricultural sector.
- (iv) Private sector development – this will focus on stimulating entrepreneurship, innovation and private sector led development. SMMEs will be a major beneficiary in this programme.

The programme consist of technical supports and 'seed' funding. The programme has a great potential to contribute in the regional economic planning and development.

## STRATEGIC ECONOMIC INFRASTRUCTURE

KwaDukuza Municipality continues to priorities investment in strategic infrastructure that supports the economy. The commitment of council to attract new business and also for ensuring that there is retention of existing business and jobs has been shown by the loans that have been taken to augment both energy and road infrastructure. As part of this broad investment to infrastructure, Council has identified the apex projects that will unlock certain nodes:

1. P445 Road Redevelopment – The council has appointed a contractor to the value of R63 million and the contractor is on the site. This development has triggered new development within its vicinity and development approvals have been lodged. Two significant investments have been announced by investors. Thos investment is the extension of Ballito Junction to a regional mall (R1,5 billion) and N2 Ballito City

(R800 million). Virgin Active Gym is one of the components of the N2 Ballito City, which will be opened at the beginning of October 2014.

2. New Substations, Existing infrastructure upgrade and strengthening - the municipality is establishing new 33/11 kV substations, Upgrading existing 33/11kV substations, establishing new 11kV switching stations interconnected by dedicated feeder cables providing for increased capacity more central to the key economic nodes. The availability of sufficient electricity capacity will assist in attracting new business opportunities and expansion of existing developments. Following the guidelines of the National Energy conservation imperative new developers are encouraged to implement energy efficient technologies when planning new developments.
3. KwaDukuza CBD Infrastructure Upgrade – KwaDukuza Municipality in partnership with Corridor Fund (KZN COGTA) have been working in the programme of upgrading the infrastructure in KwaDukuza (Stanger) CBD. The investment that will be made in the next two years is R36 million. This money will be spending on upgrading and resurfacing of roads within KwaDukuza. The roads targeted are King Shaka, Mahatma Gandhi, and Chief Albert Luthuli. The money will also be spent on upgrading walkways in Town, Informal Traders facilities and change of streets lights to solar powered lights. There are other public investment that has taken place in town, this includes the upgrade of KwaDukuza Magistrates Court. KwaDukuza Municipality in partnership with Department of Arts and Culture are working very hard in making King Shaka Precinct a reality. There is a planned rebuilding of KwaDukuza Museum and landscaping of King Shaka Grave. KwaDukuza has also seen further upgrade of buildings and attraction of new business in the CBD e.g. Mr Price Stanger. The investment of public money in the area which has been seen as not attractive by private sector shows confidence in the town by government. There is an expected outcome that this investment will yield new business and contributes in retention of business in town.

## 4. GREEN ECONOMY

KwaDukuza Municipality continues to promotes and position itself as the green economy investor destination. The municipality has developed various plans that are focusing on ensuring that the area is able to contribute to the mitigation of greenhouses gas. The focus on green jobs is being promoted by also ensuring that our economic infrastructure is energy efficient. There are a number of initiatives some of which are driven by the private sector focusing on green jobs. One of such initiatives that is currently underway is the development planning exercise by Gledhow Sugar to install an energy co-generation plant within the mill. This is in line with the government strategy of supporting the emergence of Independent Power Producers. There are also many community based recycling projects or businesses and programmes and other environmental orientated EPWP projects i.e. working for coast, alien plant removal etc.

The other interventions by our partner Local Government for Sustainability (ICLE-Africa) of developing a Low Carbon economy strategy known as the

Urban LEDs will go a long way in shaping and sharpening our approach in green economy. The provincial special economic zone (SPZ) strategy has identified the area of ILembe as the zone for renewable energy, which amplified the importance of KwaDukuza LM to focus on green economy.

## SOCIAL DEVELOPMENT ANALYSIS

### EXPANDED PUBLIC WORKS PROGRAMME

The national development plan set a target of 2 million jobs is created through labour intensive methods or infrastructure development. KwaDukuza Municipality as an organ of the state is obliged to participate and contributes some work opportunities through infrastructure development. KwaDukuza Municipality has been a poor performer in reporting about job opportunities and this has affected the incentive received for EPWP jobs. KwaDukuza Municipality during 2012/2013 financial year has been allocated R1million rand toward the EPWP. This incentive could be ploughed back to job creation or poverty reduction initiatives. There is a need to address the issue of EPWP coordination within the municipality and also of registering all capital projects as EPWP.

### PRIORITY NEEDS

Some of our priority needs are from the huge disparity of provision of services and major service backlogs experienced, the lack of maintenance of existing infrastructure and the KwaDukuza Municipality has identified the provision of basic services to poor communities and the improvement of service delivery as critical developmental challenges. A good Working relationship with sector departments and stakeholders is considered important in addressing these challenges and there are areas in which the issues of land restitution and redistribution have not yet been resolved. The Municipality needs to work together with the Department of Land Affairs to resolve these matters.

### YOUTH DEVELOPMENT

As a developmental local government one of KwaDukuza's responsibilities is to play its part in addressing the imbalances of the past through developing a co-ordinated and integrated response to challenges facing young people within KwaDukuza. In the past the municipality has made significant achievement in developing its institutional capacity to make positive change in the lives of young people. Some of the targeted interventions included formulation of the youth programmes which are budgeted for each financial year.

The municipality initiated a number of developmental programmes for the youth namely, a bursary fund to assist youth from disadvantaged families to pursue their tertiary education. This has gone a long way in bringing hope to the beneficiaries. In 2013/2014 financial year, The Mayor's Office negotiated for a skills training programme with Umfolozi FET Training College whereby youth from different wards were enrolled at Mfolozi FET Training College in order to capacitate them with technical

skills. They enrolled for different courses namely Information Technology, Electrical Engineering as well the group that enrolled for as driver's license and grader operation training sessions were registered in other private driving schools etc.

### GENDER & DISABILITY

The gender desk office is fairly new office within the municipality and does not have dedicated budget and integrated municipality's programme of action for the development of disabled people. There is not yet a forum formed for disabled people. However in December 2013, the municipality had an event where it commemorated a day of disabled people. A database of people living with disabilities was compiled and will assist in interacting with and developing streamlined programmes for them. Parents with autistic children are also encouraged to contact the municipality in order to include them in the integrated gender desk programmes, which shall be comprehensively developed in the 2014/2015 financial year. In the in-coming financial year, the gender desk office aims to strengthen gender ward based committees and capacitate them well enough in order for them to be able to engage with such groups. One critical challenge is the fact that the municipality's offices are not easily accessible to the disabled people.

### SENIOR CITIZENS & WOMEN EMPOWERMENT

Senior citizens have been one of the neglected sectors in terms of targeted programmes in all spheres of governance other than old age grants. The programme targeting senior citizens has recently been introduced at Provincial and District levels.

With limited budget the municipality now hosts a formal event in celebration of the senior citizens. The event is to celebrate the lives of the senior citizens and affirm their value in the society. The municipality has launched senior citizens' forums in some of the wards. The municipality interacts with these structures as part of its public participation programme.

Women Forums are still to be formed within wards where women will be empowered with skills to help them to help themselves holistically. A Phila Mama programme will have to be launched where mothers will be equipped with skills that will assist them to raise their children in a proper way.

### HIV/AIDS

The District AIDS Council (DAC) is the co-ordination structure that addresses HIV/AIDS related matters. The DAC ensures that Local AIDS Council (LAC) of KwaDukuza is fully functional in Ward AIDS Committees (WACs) is functional in all 27 Wards. The HIV/AIDS Councils report quarterly to the Province about progress on HIV/AIDS prevalence in the District. The District Plan of the District AIDS Council has been developed to tackle poverty, HIV/AIDS, STI, TB and social ills in the District. People Living with HIV forum has been launched in the municipality then the District structure to ensure that PLWHA participate fully on HIV/AIDS Programs.

Identified Issues	Statistics in KwaDukuza Municipality
<b>HIV/AIDS</b>	
Population	172 915
HIV Positive	26 890
Aids Deaths	2 027

**Table 20:** Number of infections and AIDS related death in KwaDukuza. (Ilembe Intelligence and Economic Indicator Report Q1 2013)

## CRIME STATISTICS

Types of crime	Statistics in KwaDukuza Municipality
<b>Crime</b>	
Property related crimes	2000
Contact related crimes	14500
Contact crimes	12000

**Table 20:** Types of Crime in KwaDukuza Total Crime (SAPS, 2012)

The table above shows that KwaDukuza has experienced increases in violent robberies and attempted murder over past years. KwaDukuza has also recorded a rise in sex crimes

## SPORTS DEVELOPMENT HIGHLIGHTS

Sports Development Unit continues to facilitate sport development and sports promotion. The Sport Development unit has been able to facilitate successfully the following:

- Inter-wards games were held during between August and September 2013. All twenty seven wards participated in the games and over 2800 athletes participated in these games. The games were used to select a strong 440 KwaDukuza Municipality Team that participated in Ilembe District Inter-municipality Games.
- Ilembe District Inter municipality Games – KwaDukuza Municipality team was a best performing team. They collected 10 (1st) positions out of 15 codes that were during games. Over 50 % of the players that represented Ilembe in the KZN inter-district were from KwaDukuza including technical staff (coaches and managers).

- KwaDukuza Municipality in partnership with SAFA KwaDukuza, introduced the Mayoral Cup, which was played as part of the celebration of 20th of Years of Freedom. 32 clubs who are affiliates to SAFA KwaDukuza participated. The Council has committed to support this tournament on the annual basis.
- The partnership between Mr Price and KwaDukuza on schools sports has been implemented successful. During 2013, Netball was added as the second code for the high school sports. The municipality has also agreed to renew the agreement between KwaDukuza and Mr Price for next 3 years.
- The Department has supported twelve ward base youth forums during ward organized events with prizes and technical support.

## CHALLENGES

- Lack of adequate budget for sports development,
- Lack of capacity amongst federations and teams,
- No integrated programme between Department of Sports & Recreation and the municipality,
- Lack of understanding of the role of Sports Council,

## LIBRARIES

Currently the service offered by the six KwaDukuza Libraries is based on inter-governmental cooperation between the 2 spheres of government, each contributing to services to the public in the following ways:

### Department of Arts and Culture: Provincial Library Services

- Books and other formats of library material. Catalogued and processed.
- ICT infrastructure and projects.
- Promotion packages.
- A centralised reference service.
- Library infrastructure and improved access to services.
- Training and professional support.
- Library Depot services.
- Funding subsidies to municipalities for staffing costs [Provincialisation funds]

### KwaDukuza Municipality:

- Part of staffing costs of the libraries.
- Funding of the operational costs of the libraries.
- The administrative function of provision of services.

Library	Adults Age 18 upwards	Young Adults Age 14 to 17	Juveniles Age 0 to 13	Total
KwaDukuza	12875	2213	3365	18453
Stanger Manor	2534	672	1956	5162
Ballito	5755	599	1266	7620
Umdlali	654	66	203	923
Shakaskraal	243	121	220	584
Darnall	106	90	83	279

## SPORTS DEVELOPMENT HIGHLIGHTS

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- Various programmes targeting vulnerable groups were facilitated and held through the efforts of the unit. E.g. Senior Citizens Games Learn to Surf etc.

- KwaDukuza Municipality hosted the provincial Indigenous Games for 2012.
- KwaDukuza Municipality in partnership with SAFA – KwaDukuza hosted a successful 16 team under 13 soccer tournaments in celebrating of Orange CAF Cup that was held in South Africa. This tournament was held as one of the activation and community awareness programme for the CAF Cup.

## CHALLENGES

- Lack of disability sports programme,
- Inadequate funding or budget for sports development.
- Lack of sports development policy,
- Weak federations,



# 3.5 COMPONENT E: COMMUNITY AND SOCIAL SERVICES

The Municipal Services Directorate is charged with the responsibility of ensuring that we provide for a clean and safe environment to live, work and play. This department is in that front line of delivering sustainable services in an integrated approach. We contribute to the protection of our public health, safety and environment. The Municipal Services Directorate comprises of Community Safety, Disaster Management and Community Services sub-directorates

## COMMUNITY SAFETY

The Community Safety Department is responsible for the Fire & Emergency Services, Motor Licensing & Testing Station, Crime Prevention, Traffic Policing and Social Crime Prevention.

### The Section Managers are as follows:

Director: Community Safety – Mr. N.M. Peter  
Manager: Crime Prevention – Mr. M.F.J. Prinsloo  
Manager: Motor Licensing & Testing – Mr. D. van Huyssteen  
Manager: Traffic Policing – Mr. N.M. Moodley  
Manager: Social Crime Prevention – Mr. B.S.P. Pillay  
Acting Chief: Fire & Emergency Services – Mr. A.V. Naidoo

## COMMUNITY SERVICES

The Community Services Department comprises of the following: Parks & Gardens, Beach Management, Cemeteries & Crematoria and Waste Management.

### The Section Managers are as follows:

Director: Community Services: Mr. N. Ngwane  
Deputy Director: Operations – Ms. B.P. Mkhwanazi  
Manager: Parks & Gardens – Mr. C. Gopi  
Manager: Beaches – Mr. S. Honneysett  
Supervisor: Cemetery & Crematoria – Mr. S. Jowahir  
Foreman Cleansing: Waste Management – Mr. L.N. Zulu

The Department's successes for the 2013/2014 financial year are as follows:

## PARKS AND GARDENS

### Highlights:

- Installation of playground equipment in 4 wards: wards 2, 9, 13 and 22.
- Four Combo Courts constructed in wards 1, 11, 15 and 27.
- Lifeguard Towers/ablution blocks renovated in Zinkwazi, Blythedale, Tinley Manor and Salt Rock beaches.
- Refurbishment of a Netball/Tennis court in ward 19.
- Refurbishment of a tennis court in ward 18.
- Rehabilitation of a sports field in ward 5.
- KwaDukuza Municipality participated in the Garden and Leisure Show; a show that takes place every year, and managed to win a Silver Award.

### Challenges:

- Delays in procurement process.
- Community unrests which affects projects.
- Industry strikes which affect the projects ie: Steel Strike.

## BEACH MANAGEMENT

### Highlights:

- Upgrade to Lifeguard facilities at Zinkwazi, Blythedale, Tinley Manor and Salt Rock
- No. of Rescues:- 3 337                      No. of Drownings:- 0

### Challenges:

- We currently rely on contract Lifeguards and this can prove challenging.
- Require more general workers to cover all the areas that need to be cleaned on a daily basis.

## CEMETERIES

There are seven municipal cemeteries located within the KwaDukuza municipality in addition to a privately owned cemetery. KwaDukuza still experiences informal and illegal burials in certain communities. Incorrectly sited graveyards and informal burials have the potential to impact on human health and security is a source of concern. Burial sites for family members next to the homesteads are considered common in rural areas which gives a clear indication for the need for new cemetery sites in the District. KwaDukuza Municipality has identified two cemetery sites within KwaDukuza Jurisdiction to alleviate the problem of shortage of burial space. The said sites are Erf 301 which is for the extension to the existing KwaDukuza cemetery; the extent is approximately 2 hectares and Vlakspruit which is in the Southern section which is 22 hectares. More properties are being sought by the municipality in order to cater for the future as well.

### Highlights:

- Acquired land for extension of KwaDukuza cemetery which is 2 hectares.
- Acquired a cemetery site in Vlakspruit which is 22 hectares.
- Identified another property for a cemetery: The Bodasing property adjoining the existing cemetery.

### Challenges:

The actual processes for the establishment of a cemetery are lengthy



# MAYORAL SPECIAL PROGRAMMES

During the year under review, the Special Programmes Office successfully implemented the following programmes:

- 16 Days of Activism Against the Abuse of Women and Children- money collected from the sale of white ribbons was donated to Umvini wokuphila, Multi Skills and Nduzuzweni Drop-In Centre
- 16km Walk Against the Abuse of Women and Children- this was done in partnership with SAPS on creating awareness towards Gender based violence
- World Aids Day event in partnership with Hesto Harnesses
- Celebrating the International day of the Disabled persons
- Personal development workshop for all Miss KDM finalists- workshop based on the Communication Skills, Five steps of effective communication; Decision Making and Personal Growth
- Good bye Tata Madiba from the children of Ward 11
- Christmas party for the Senior Citizens of Thuthukani Home of the Aged in partnership with the Departments of Justice and Constitutional Development, Social Development & Sports & Recreation
- Christmas treat for the Orphans from the Children's Village
- Protecting a girl- child through the distribution of sanitary towels in partnership with Super Spar who donated sanitary towels, bath soap, tooth paste and roll-ons in line with Operation Sukuma Sakhe to the child headed households.
- Back to school campaign where a pack of sponsored stationery was handed to 52 Grade 1 learners at Ziphozethu Primary School in partnership with Danny Cat Cartoon Character.
- Visit to Guzana Combined School to motivate the learners who did not pass their Matric
- Operation lend a hand and cover their exercise books- the Gender Machinery Sub- Committee and the Office of the Mayor covered exercise books for 300 learners at Mgigimbe Primary School
- Valentine's day for the children of Ward 20- the Gender Machinery and the Office of the Mayor provided roses, cakes and teddy bears. They were also encouraged to utilise the Phila Mntwana centre within their Ward.

- Soap Box Derby- The Ballito Lions Club hosted an Annual Ballito Lions Soap Box Derby as part of the Ballito Easter Festival, Golf Kart Race, Easter Egg Hunt, Easter Bunny and Jumping Castles. Proceeds were donated to Charity.
- Family Day Celebration at Nkobongo
- Bring Back Our Girls- Support campaign to the kidnapped girls, implemented in partnership with Sizani Primary School
- Take a Girl Child to Work Campaign- 10 Learners from Guzana Secondary and Shekembula High School were invited in order:
  - > To expose girl learners to the 'world of work' positive role models and the opportunity to make informed career decisions.
  - > To address the aspirations of Girl learners by inspiring them to pursue their goals and ambitions
  - > To provide a platform for ongoing engagements around the needs of our Girl Learners
  - > To encourage Gender equality and empowerment of women
- Child Protection Week- this was implemented in partnership with DSD, DoE, DOH, Dept of Justice, KDM Crime Prevention and Fire Dept. The following schools were visited:
  - > Thembeni Primary.
  - > Shekembula Secondary
  - > Stanger South Secondary
  - > M L Sultan Secondary
  - > Sizani Combined
  - > R A Padayachee

Despite all the successes, there were a few minor challenges which will be addressed in the 2014/2015 financial year.

## CHALLENGES:

- A number of children from child headed households do not have birth certificates and others are without shelter and their issues are not prioritised which puts under a lot of pressure as children

## CORRECTIVE ACTIONS:

- This should be addressed by intensifying the Operation Sukuma Sakhe within the Municipality.



... competing in the ...  
in a sustainable manner'



# 3.6 COMPONENT F: ENVIRONMENTAL PROTECTION

## ENVIRONMENTAL MANAGEMENT, COMPLIANCE AND ENFORCEMENT

### OUTDOOR ADVERTISING

The municipality has made much headway in terms of managing and regularizing the Outdoor Advertising Activities. This includes regular enforcement by removing illegal signage as well as introducing the sticker system wherein stickers are stuck on signage/ posters that has been granted authority in order to differentiate between legal and illegal.

Council has initiated the process of recovering the outstanding money from the service providers. All of their contracts are no longer valid. Council has initiated a process of appointing new outdoor advertisement.

## ENVIRONMENTAL PROGRAMMES - CLIMATE CHANGE

### HIGHLIGHTS OF CLIMATE CHANGE/LOW CARBON EMISSION

- KwaDukuza Municipality has conducted Climate Change Staff and Councilors Awareness Survey during the financial year and they were published.
- KwaDukuza Municipality participated in 2014 Earth Hour Challenge.
- KwaDukuza Low Carbon Emission Scenario Planning was done and completed. It was adopted by Council.

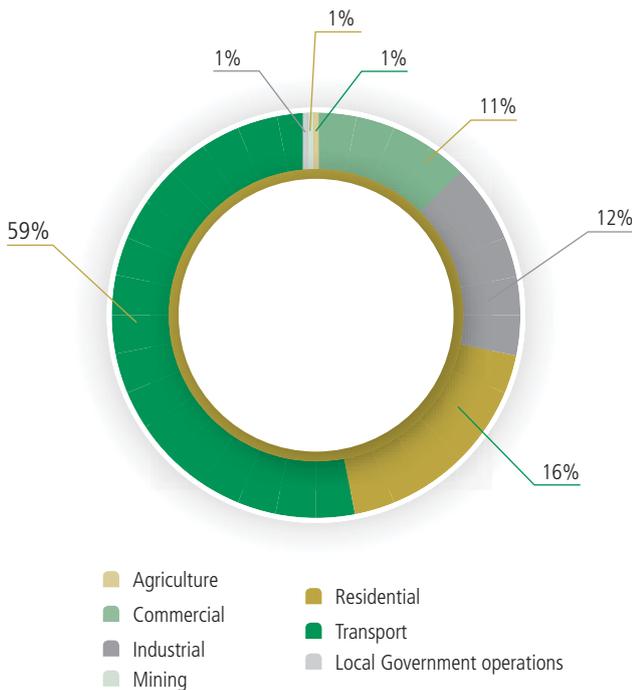
- Community engagement popularising the Green Gas Inventory and Low Carbon Emission Scenario Planning was done targeting Enviroforum, communities, Eco-schools and organised business.
- Selected councillors and officials attended various national and international climate events change workshop, conference and study tours. The areas that has been visited is Tanzania (Low carbon emission conference organised by ICLEI), and study tours to Germany, Denmark and Portugal.

KwaDukuza shall be a vibrant city competing in the global village economically, socially, politically and in a sustainable manner.

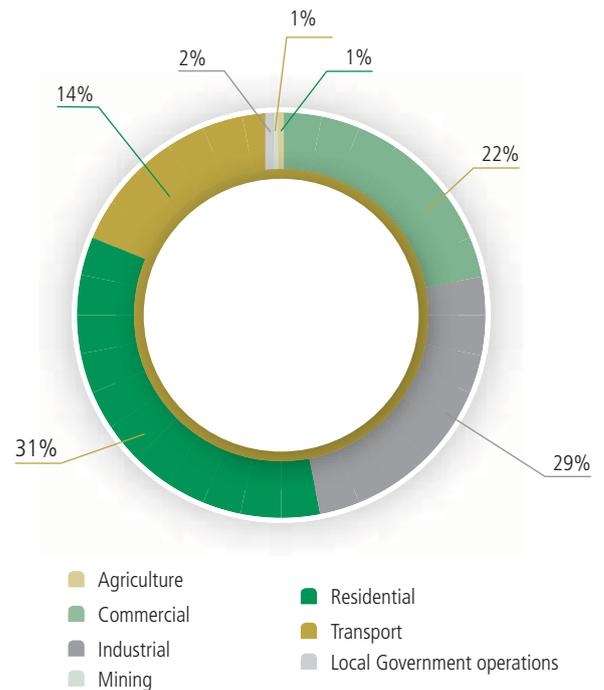
### Greenhouse Gas Inventory

- The KwaDukuza Greenhouse Gas (GHG) Inventory was conducted in 2013 using energy data from the 2012 calendar year as the baseline for the study. The GHG inventory is compliant with the international accounting protocols, techniques and methodologies for Local Government Greenhouse Gas i.e. Emissions Analysis Protocol (IEAP) and the Global Protocol for Community-Scale Greenhouse Gas Emissions (GPC).
- The result of the GHG showed that demand-side energy consumption by sector, transport is by far the biggest energy user, but in terms of emissions- residential (has the highest emissions), commercial and industrial all have a relevant role to play as depicted in the pie-graph on the next page.

### KDM Energy Use (GJ) by Sector, 2012



### KDM Emission (tCO2e) by sector



**Graph 2:** Energy Use

## ENERGY CONSUMPTION

The Urban LEDS scenario planning process has built and reinforced local partnerships with all spheres of government, NGOs, business and communities; engaging citizens of KwaDukuza and key stakeholders to participate in promoting low emission development. After the completion of the scenario planning process a detailed action plan will be developed specifying key steps to achieve the 2030 vision of KwaDukuza.

### ICLEI- LOCAL GOVERNMENT FOR SUSTAINABILITY

KwaDukuza Municipality has been selected as one of the South African municipalities to participate in a global initiative entitled: 'Promoting Urban Low-Emissions Development Strategies in Emerging Economy Countries' (Urban-LEDS). This initiative will further enhance Climate Change management by providing;

- Technical and institutional capacity building, including developing a greenhouse gas inventory, preparing for implementation and attracting funds, using ICLEI's Green Climate-Cities methodology.
- A "Basket of Solutions" for cities to select and adapt.

- South-South exchange, networking and learning between project cities in all implementing countries (Brazil, Indonesia, India).
- North-South-North exchange between model cities and local governments in Europe.
- Advice from a pool of national and international experts in energy, development, finance, transport planning and the private sector.

Attendance at global advocacy events to demonstrate local government action and to advocate for increased disbursement of climate funds. Currently alignment with the CCRS has been finalised to ensure that both processes are interlinked to minimise duplication of resources and enhance the accuracy of the data collected for a more implementable product.

# 3.4 COMPONENT G: SAFETY AND SECURITY

## COMMUNITY SAFETY

### TRAFFIC AND CRIME PREVENTION

The Department's successes for the 2013/2014 financial year are as follows:

Month	2011/2012				2012/2013			
	Warrants of Arrest	Drunken Driving	Section 56 Notices	Section 341 Notices	Warrants of Arrest	Drunken Driving	Section 56 Notices	Section 341 Notices
July	10	16	626	177	28	7	1 031	378
August	62	20	910	206	37	12	1 468	412
September	10	0	912	153	42	3	1 358	292
October	42	2	1 067	274	24	0	1 251	218
November	87	45	0	263	425	9	1 101	165
December	37	36	1 254	548	31	200	2 026	263
January	52	5	818	386	0	61	1 718	193
February	35	2	1 016	429	15	44	1 809	172
March	-	3	1 106	271	32	2	1 817	237
April	29	6	1 405	329	8	2	1 947	296
May	16	3	1 196	367	2	1	1 590	206
June	19	1	499	435	32	0	1 664	332
<b>TOTAL</b>	<b>399</b>	<b>139</b>	<b>12 048</b>	<b>3 838</b>	<b>676</b>	<b>341</b>	<b>18 780</b>	<b>3 164</b>

**Table 22:** Traffic and Crime statistics

#### Highlights:

- Purchase of 2 speed camera machines – Trucams
- Purchase of 2 new Traffic vehicles – Nissan Almera
- Established a department of Law Enforcement Administration
- Procured 7 additional cameras and equipment for CCTV
- No. of outreach programmes: Road Safety Awareness

#### 7 x Social Crime Prevention:- Community Awareness Campaign

- Child Protection Week Campaign
- Domestic Violence & Child Abuse

- Career Guidance
- Drug Abuse & Awareness
- Crime Awareness
- Vandalism & Littering

#### Challenges:

- Shortage of staff at supervisory level
- Shortage of vehicles
- Low staff morale
- Filling of vacant posts
- Supply Chain Management (SCM) processes – resulting in underspending



The following tables reflect the successes were achieved by the Crime Prevention Unit:

**TABLE: Statistics on Arrests**

Arrest Details	2012/2013	2013/2014
Murder	3	0
Attempted Murder	-	0
Possession of Unlicensed Firearms	-	0
Recovery of Firearms	-	0
Recovery of Homemade Firearms	-	0
Theft of Motor Vehicles	14	0
Recovery of Motor Vehicles	30	0
Drunken Driving	72	128
Unlicensed Driving	3	0
Hi-Jacking	3	0
Possession of Dagga	190	57
Dealing in Dagga	-	0
Crimen Injuria & Defamation of Character	-	0
Section 36 – Property Suspected to be Stolen	19	0
Section 37 – Recovery of Stolen Property	15	0
Robbery	-	0
Kidnapping	-	0
Armed Robbery	8	0
Rape	7	0
Unlawful Possession of Ammunition	-	0
Possession of Dangerous Weapons	3	5
Car Breaking Implement	-	0
Fraud	-	6
Dealing in Alcohol without Licence	14	0
Drinking in Public	24	7
Drunkenness & Disturbance	-	0
Reckless & Negligent Driving	-	0
Dealing in Fake DVDs	25	39
Housebreaking	8	1
Rock Lobster without Permit	-	0
Possession of Stolen Property	19	23
Displaying of False Registration Plates	-	0
Theft	12	4
Domestic Violence	-	0
Miscellaneous Arrests	-	0
Recovery of Miscellaneous Goods	15	0
Counterfeit CDs	7	0
Possession of counterfeit cigarettes	14	8
Pointing of firearm	-	0
Resisting arrest	-	0
Execute warrant of arrest	18	41
Possession of dependant producing drugs (Whoonga)	38	54
Defeating the ends of justice	-	0
Displaying false licence discs on motor vehicle	-	0

The following tables reflect the successes were achieved by the Crime Prevention Unit:

**TABLE: Statistics on Arrests ...continued**

Arrest Details	2012/2013	2013/2014
Manufactures counterfeit discs	25	0
Assault GBH	8	0
Attempted robbery	-	0
Operated un-roadworthy motor vehicle	12	0
Dealing in Drugs: Rock, cocaine, Mandrax tablets	4	3
Possession of homebrewed liquor	-	0
Possession of ATM bank cards suspected to be stolen	-	0
Possession of counterfeit notes	-	0
Possession of east coast rock lobster and failed to produce permit	-	
Possession of motor vehicle suspected stolen tampered engine number	-	
Failed to furnish clearance from SAPF to the registering authority	-	
Malicious injury to property	-	
Illegal Trading	-	44
Suspension of Motor Vehicles		63
Resisting Arrest	-	2
Counterfeit Money	-	1
<b>TOTAL</b>	<b>610</b>	<b>486</b>

## RECOVERIES STATISTICS

**TABLE: Statistics on Recoveries**

Recoveries Details	2012/2013	2013/2014
Stolen Motor Vehicles	30	3
Firearms	3	8
Magazine (Firearm)	2	7
Rounds Live Ammunition	9	1
Dagga	2 540 kg	1 330 kg
Cellular Phones	16	0
Laptops	11	1
Laptop chargers	1	0
Projectors	-	0
Rock Lobster (Crayfish)	-	0
Recovery of Brandy	-	0
Recovery of Beer (Quarts)	58	1
Recovery of Cigarettes (Packets)	100	0
Recovery (Rock Cocaine, Mandrax, Heroin, etc.)	16	7
Homebrewed Liquor (Isishimeyane) recovered & destroyed	-	0
Knives	7	4
Whoonga straws	412	1 408
Sim cards	7	0
Grass cutting machine	-	0
Shoes	-	1
Electrical protector	-	0
Screw driver	-	0

## RECOVERIES STATISTICS

TABLE: Statistics on Recoveries ...continued

Recoveries Details	2012/2013	2013/2014
Power box	-	0
Power cables	28	0
Hot plate	-	0
DVD/CD player	-	0
150DVD/CD pirates	1 507	2 510
Speakers	-	0
Petrol	-	0
Cash	-	0
Bank cards	4	0
Road traffic signs and street poles	-	0
Paint	-	0
Ciders	-	0
Counterfeit cigarettes	100	305
Television	-	1
Monitor	-	0
Keyboard	2	0
Computer tower/hard drive	-	0
Mouse	-	0
Furniture	-	0
Heater	-	0
Cooler box	-	0
Gas cylinder	-	0
Camera	-	0
Printer	4	0
Printer cartridges	7	0
KDM Sports Bag With Soccer Kit	-	1
Viagra Tablets	-	90
Compressed Bale of Aluminium	-	295 kg
Belts	-	1
False ID Books	-	1
Brass Solid Links	-	766 kg
Aluminium Wire	-	39 kg
<b>TOTAL</b>	<b>4 864</b>	<b>6 780</b>

## TESTING & MOTOR LICENSING

### STANGER TESTING STATION

#### STATISTICS DRIVERS

Transactions	Records	Amount
2 943 167		R33 631 363

#### BALLITO MOTOR LICENSING

Transactions	Records	Amount
46 009		R797 432.02

## TESTING AND MOTOR LICENSING KWADUKUZA

### STATISTICS – TESTING

Inquiries	Transactions	Records	Amount
62 300	53 773	38 773	R7 014 540.00

### STATISTICS – MOTOR LICENSING NORTH AND SOUTH

Inquiries	Transactions	Records	Amount
80 257	88 810	67 810	R46 820 178.00

### TESTING OPERATIONS

	Examining of eyes & finger prints	Examining of public professional driving permits clearances	Examining of learner license	Examining of drivers licenses	Examining of vehicles	Examining of instructors permits
<b>TOTAL</b>	<b>28 873</b>	<b>3041</b>	<b>11766</b>	<b>2521</b>	<b>1456</b>	<b>02</b>

**Table 22:** Traffic and Crime statistics

#### Highlights:

- Five Senior Clerks and two Principal Relief Clerks from the Motor Licensing section were sent to be trained as Grade F & L Examiners. This will assist when Examiners are on leave or off sick.
- On a daily basis we get compliments from the public, praising our service delivery initiative, our commitment to Batho Pele principles and going that extra mile to assist patrons.
- The operational staff is multitasking and rotating on a daily basis. This prevents boredom and stimulates the operational staff.
- The Department of Transport has given us the go ahead to build a motor cycle track, to test applicants for a motorcycle license.
- This motorcycle testing facility will upgrade our Testing Station to a Grade C, presently we are a Grade D Driver's license testing centre.
- The Department of Transport did an Audit on the vehicle testing section and was given a "no finding" audit. This was the first time ever to obtain this audit finding.
- On the 24 July 2014, we had an unannounced visit. The FRONT LINE SERVICE DELIVERY MONITORING TEAM visited our facility. They are from the OFFICE OF THE PRESIDENCY AND OFFICE OF THE PREMIER in Kwazulu Natal.
- They interviewed staff and the public, took photographs and complimented us on the upkeep and cleanliness of our facility.

## LAW ENFORCEMENT ADMINISTRATION

#### Highlights:

- Warrant of arrest income increased to 2 x a week, from 1 x a week cause impact on income.
- 6 Law Enforcement Administration staff appointed as commissioned of oaths to improve the service delivery the documents can be now be commissioned at the Law Enforcement Administration.

- Law Enforcement Staff appointed assisted Clerk of court which improves service delivery and alleviate the court of certain function.
- Law Enforcement Administration buildings were renovated, replaced aluminium windows, doors & curtains were replaced and the office were painted and the sign boards were erected.
- Air conditioners were replaced in all the Law Enforcement Administration office for traffic work conditions.
- 14 January 2014 Municipality terminates the long lasting contract with TCS, the outsource company provided the traffic contravention system software, thus now doing it in house using the existing staff from TCS.
- 2.1 Million rand was paid to TCS; we will be utilizing this fund to setup a complete Law Enforcement Administration staff structure.
- The administration officer was placed to supervise the Law Enforcement Administration department.
- Old dilapidated function equipment was replaced.
- Protective clothing was provided to Law Enforcement Staff.
- Road block tables and chairs were procured for Law Enforcement Administration staff for roadblock.
- Law Enforcement Administration computers & printers belongs to TCS was replaced with council equipment, thus resulting in a reused invoice for lease of hardware from TCS as saving R15 000 per month.
- Law Enforcement Administration south had no kitchen equipment they purchased and replace in the office.
- Security lights were replaced.
- Testing & motor licencing administration pool vehicle is assisting with transporting of staff, documents & equipment.
- All Law Enforcement Administration staff went on staggered lunch break to improve service delivery thus the traffic inquiry are available 8.5 hours per day.

## Challenges

- Law Enforcement Administration staff structure that was put in place by Exco to provide a more comprehensive Law Enforcement Administration service has not been put in place resulting in a breakdown in service delivery and resulting in a major financial loss for Council.
- Due to existing TCS staff structure at the time they could only collect 4.1 million out of 26.8 million rand considering in 2000 before the amalgamation of the three municipalities 29 officers and 8 Law Enforcement staff were in place compare to our current 61 officers and 7 Law Enforcement Administration office structure noting that the speed law enforcement was only done in the south.
- An office was constructed into a storeroom for storing printing equipment, roadblock equipment, warrant of arrest and notice books.
- Petrol generators were kept in the office thus a storeroom was constructed to store generators.
- Lease Photostat & printing machine which council pay R32 000 annually were replaced with a 4 in 1: photocopy, scanner, printing and faxing with a once off payment of R2 500.
- The Testing and Motor Licensing General Worker is cleaning the Law Enforcement Administration office North & South.

## DISASTER MANAGEMENT

The unit was established and staffed during the 2013/14 financial year. A budget was provided for the operational expenses including the development of a Disaster Management Plan as well as capital for the acquisition of a response vehicle and a storage container.

Capacity Building campaigns and community awareness programs were successfully conducted during the year and covered all wards and some schools across KwaDukuza. A Disaster Management policy was developed and adopted in May 2013. The ward-based consultative forum was established in April 2014 and ward-based risk assessments were conducted in all wards

Since the establishment and capacitation of this unit (December 2013) 79 incidents were reported and attended to. The incidents affected 432 persons and 110 households. There were 2 fatalities and 5 injuries. All incidents were attended to within 48 hours.

### PERFORMANCE HIGHLIGHTS

- Respond to incidents of disaster by offering relief to affected households in the form of blankets, food-parcels, plastic sheeting and tents with the assistance of the iLembe District Disaster Management Centre.
- Establishment of Disaster Ward based Fora
- Conduct Awareness Campaigns in schools, ward committees members and in communities.
- Have a draft Disaster Management Plan in place.

- Participate in the Safety Planning Committees of major events taking place within the Municipality in compliance with the Safety at Sports and Recreation Act of 2010.
- Attend District Practitioners meeting on a monthly basis, District Advisory Forum meetings on a quarterly basis, Provincial Disaster Practitioners meeting on a quarterly basis and Provincial Disaster Advisory Forum meetings on a quarterly basis.

## CHALLENGES

- There is not enough funds in the budget to draw up a proper Disaster Management Plan for the Municipality
- In need of vehicle to carry out assigned activities.
- Vacancies need to be filled so that there is a proper functioning unit.
- Lack of office space.

## IDENTIFIED DISASTER RISKS WITHIN KWADUKUZA

### FIRE

- 90% of disaster incidents in KwaDukuza are due to fire. The main causes of the fires are due to negligence on the part of inhabitants and illegal electricity connection.
- Because of the poor road infrastructure, fire engines experience difficulty gaining access to affected households.

### STORM-WATER DRAINAGE SYSTEM

- Poor maintenance of the storm water drainage system leads to flooding of houses during rainy seasons.
- Streams are not cleaned regularly which causes rivers to flood.

### HOUSING

- Most houses built in informal settlements are not coping with the rainy weather conditions as they are built below the flood-line and are being washed away during heavy rains.

## FIRE & EMERGENCY SERVICES COMPRISES OF TWO DIVISIONS, NAMELY:

### RE ACTIVE SERVICES

- Operations
- Training

### PRO ACTIVE SERVICES

- Disaster Management
- Communications (Communications Centre & Network)
- Fire Prevention
- Fire Safety
- Public Education, Information & Training

## THE FOLLOWING TABLE REFLECTS THE STATISTICS ON EMERGENCY INCIDENTS FOR 2013/2014

### Emergency Incidents Statistics

Details	2011/2012	2012/2013	2013/2014
<b>Fires:</b>			
Fires involving structures	62	121	105
Fires involving bushes, etc.	158	233	284
Fires involving vehicles	21	39	37
<b>Rescue/Emergency Medical Assistance:</b>			
Medical assistance	39	19	40
Vehicle accidents	104	81	104
Vehicle extrications		46	49
<b>Hazardous Materials Incidents:</b>			
	<b>4</b>	<b>12</b>	<b>17</b>
<b>Other (special services, hoax calls, false alarms, no service rendered)</b>	<b>92</b>	<b>176</b>	<b>47</b>

### Highlights:

- No. of fire safety programmes:- 6:-
  - > Fire Safety Awareness Talks
  - > Foam Demonstrations
  - > Use of Fire equipment
  - > Distribution of pamphlets, fridge magnets, key rings, disc holders (Emergency contact numbers)
  - > Posters on paraffin safety and drug awareness
  - > Training of staff

### Challenges:

- Insufficient vehicles
- An inadequate operational and capital budget
- Incorrect geographical location of fire stations
- No specialised divisions within the fire services (e.g. fire safety, training)
- Downtime on Fire Engines is too long due to the service provider being situated in Johannesburg.
- Lack of Managers in the fire department.
- Fire & Emergency Services should be a directorate on its own, as this will create space for further managers as required and specialized units as require

# Chapter 04

## Organisational Development Performance





# 4.1 INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT

## OVERALL PERFORMANCE OF HUMAN RESOURCE SERVICES

The national government has in 2012 unanimously adopted a long term strategic plan which is aimed at addressing triple challenges facing South Africa namely unemployment, poverty and inequality. The plan in question is called the NATIONAL DEVELOPMENT PLAN and one of the key imperatives of the plan is building the capable and developmental state through which municipal transformation and organizational development finds expression. Furthermore the KZN government through cabinet has also aligned the KZN Strategic Development Plan to the NDP also emphasizing among other areas issues of human capital development.

It is therefore against this backdrop that KDM as well in taking stock of its milestones achieved and setbacks encountered on municipal transformation and organizational development during a given financial year under review, a reflection on the alignment of national and provincial strategic policies and plans also has to be made.

Corporate Services is a directorate that chiefly champions the municipal transformation and institutional development through structured initiatives and avenues that are facilitated for the respective user directorates to seize.

Corporate Services is made up of three key units namely: ICT, HR and Administration/council/property management. Each unit is headed by a Director with an exception of ICT which is headed by a Senior Manager. At the beginning of 2011/12 financial year the CS directorate was managed by the acting Executive Director whose acting seized at the time of council's appointment of the Executive Director on 01 October 2011.

Corporate services directorate remains a strategic support directorate that renders the transversal services to the entire institution on areas of ICT, HR Administration and Administration/council/property management. In rendering its strategic support Corporate Services is mainly guided by its 10 year plan which is founded on 6 key thrusts and approved by council in 2011 during the KDM Lekgotla.

## PERFORMANCE MANAGEMENT SYSTEMS

The implementation of PMS is to fulfil the legislative mandate, improve service delivery and provide mechanism to report back to National Government and the public. Performance Management focuses on results than activities. It ensures that there is alignment between the internal processes to the vision and mission of the municipality and encourages

the culture of performance and accountability. It assists the municipality to detect early warning signs of under-performance or non-performance, thus allowing relevant interventions for improvement. The PMS Section lies under the Municipal Manager and the reporting line is directly to EXCO through the Municipal Manager. The Section is tasked with implementing the PMS Framework and conducting monitoring and evaluation in respect of the 5 National Government KPA's of Basic Service Delivery, LED, Municipal Transformation and Institutional Development, Financial Management and Viability and Good Governance. The KwaDukuza Municipality has adopted a scorecard as its performance measuring tool.

The municipality adopted a Performance Management Framework in 2009/10 Financial Year. The framework is reviewed annually in line with the PMS Regulations and other related Legislations. The PMS section addressed all issues in relation to AG's exceptions in order to ensure that there is no repetition of these queries in the new financial year. Support was offered in terms of identifying and training of Departmental PMS Champions with regards to compilation of Portfolio of Evidence Files. There is slow improvement in submission of performance information by the Departments. However, mechanisms are being put in place to increase capacity in the PME unit in order to provide support to user departments in the 2014/2015 financial year.

PMS workshops were conducted with all departments. Council has resolved to cascade PMS to the Directors and Deputy Directors in the 2014/2015 financial year. The other levels will also be included until all staff levels by 2016/2017 financial years.

## THE ACHIEVEMENTS AND CHALLENGES FOR CORPORATE SERVICES DIRECTORATE DURING 2013/14

Corporate Services directorate like the rest of other directorates executed tasks and activities in line with the developmental agenda as well as the 10 year plan (consisting of six thrusts) as approved by council during 2013 KDM lekgotla and such achievements are as follows:

- Developed the 24 month programme on the customization of the national youth accord/ youth employment strategy which shall be presented to council for execution by August 2014.
- CS MANCO and staff collectively identified the principles or imperatives underpinning 2014-15 priorities for Corporate Services Score card/ programme of action (in a form of an item to council).
- As part of the KDM's 24 month programme of action towards 2016 LGE CS developed an item on the reconfiguration of council committees approved by council.
- As part of executing 2012/13 AG's Dashboard commitments on the implementation of effective HR management to ensure adequate and

- sufficiently skilled resources are in place, an item was presented and approved by council on the introduction of compulsory competency based assessment for positions of a Director to Municipal Manager as from 01 July 2014.
- Developed a clear process plan to implement the 2014 MFMP Exemption Notice on Minimum Competency Levels for KDM finance officials.
  - Developed the departmental risks for mitigation during 2014/15.
  - Vigorously implemented council resolution C 371 (revised vacancy list for 2013/14).
  - Identified keys tasks to be part of 100 days of KDM's programme to implement President Zuma and Premier Mchunu's service delivery priorities as follows:
    - a) Report back to KDM staff members the three response plans (mechanical /workshop issues, KDM 2014/15 budget imbizo and 2013 KDM Staff Satisfaction Survey)
    - b) Filled the critical service delivery vacancies in favor of women, disabled and youth.
    - c) Roll out of councilor and staff training to meet the community's service delivery challenges.
    - d) Facilitated the approval of KDM Land Disposal Policy to attract economic investment in KDM.
    - e) Held sessions and events that promote staff unity and social cohesion.
    - f) Held the public report back meetings on the roll out of KDM EEDBS programme land related matters in partnership with EDP.
    - g) Roll out of CS developed youth employment strategy dubbed KDM MOVES THE LOCAL YOUTH FORWARD THROUGH THE IMPLEMENTATION OF THE NATIONAL YOUTH ACCORD.
  - Developed the time bound KDM staff related response plans to mechanical/workshop issues, 2014 budget imbizo and 2013 staff satisfaction survey.
  - Presented the regular reports to council on the roll out KDM EEDBS AND KDM LAND RELATED PROCESS PLAN.
  - KDM through LPA/HR portfolio COMMITTEE and CS regularly participated in KZN SALGA HR Forum.
  - KDM through CS participated actively in SALGA-led municipal HRM& D profiling project with findings and recommendations expected in August 2014.
  - Council resolved through advice and item from CS to allow the use of Human Settlement Account in unbundling bottlenecks on EEDBS programme.
  - The AG response plan to IT findings was regularly submitted to council.
  - The ITSC report (minutes) was served to council.
  - KDM through CS developed and rolled out the 2014 KDM CS WORKERS MONTH PROGRAMME themed "20 YEARS OF FREEDOM AND DEMOCRACY TO BUILD A SOLID FOUNDATION FOR A VIBRANT KDM WORKPLACE DEMOCRACY AND TRANSFORMATION".
  - Successfully hosted the 1ST anniversary of KDM Staff Awards with all the respective departments scooping different categories of awards as well as 11 KDM employees being voted as excellent performers.
  - Regular reports were served to council on KDM telephone upgrade project.
  - Launched the annual OHS EDUTAINMENT PROGRAMME.
  - Rolled out the EAP awareness programmes.
  - Rolled out the People Diversity and Change Management programmes for the KDM supervisors.
  - Successfully mitigated all the top ten risks identified within Corporate Services.
  - Successfully rolled out the KDM Workplace Social Cohesion Programme.
  - Facilitated the internal leadership development programme for KDM Local Labour Forum.
  - Facilitated the installation of staff biometrics equipment in 23 points.
  - Rolled out the staff ethics/induction sessions.
  - Rolled out the KDM staff anti-corruption/fraud and theft programmes.
  - Developed the CS COMPLIANCE CHECKLIST aimed at complying with transcripts, circulars and notices.
  - IT rolled out the ICT week dubbed DIGITIZING KWADUKUZA AND THE FUTURE OF MANDELA CHILDREN
  - Initiated processes for the appointments of Executive Directors Civil and Electrical Engineering respectively.
  - Reduced drastically the pending staff grievances
  - Facilitated the improvement of labour relations at the Divisional SALGBC.

These achievements were attributed to management unity and leadership cohesion underpinned by optimal council oversight. Despite the gains made but also some shortcomings were also identified requiring interventions during 2014-15 financial years which are as follows:

Challenges	Interventions
1.Lack of streamlined property related regime/system	1. The adoption of a council land policy and the integration of the KDM Land Related Process Plans.
2.Lack of expenditure management	2. CS MANCO shall reinforce the monitoring of CAPEX and OPEX on monthly basis including the capacitating CS MANCO on expenditure management.
3.Delays in procurement	3. CS MANCO shall effectively implement its procurement plan.
4.Shortage of human capital and the reconfiguration within SDF unit	4. Council shall reinforce the SDF unit during 2014-15 mid-year adjustment.
5.Placement of (2013-14) posts on moratorium	5. Council shall reprioritize the key and attrition posts for filling in 2014-15

**Table 23:** Challenges and Corrective Actions

## HUMAN RESOURCE PROFILE

Level	Region Demographics	Kwadukuza Municipality Overall														
		Executive Directors			Directors			Senior Management			Middle Management			General Workers		
		Section 56/57			Task Grade 19			Task Grade 16			Task Grade 15			Task Grades 2-3		
No. of	Exist	Ideal	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff	Exist	Ideal	Diff	
African Males	4	4	0	5	5	0	3	3	0	3	3	0	184	174	-5	
African Females	0	1	1	4	4	0	3	3	0	2	2	0	85	90	5	
Coloured Males	0	0	0	0	1	1	0	0	0	1	1	0	1	1	0	
Coloured Females	0	0	0	0	1	1	0	1	1	0	1	1	0	1	1	
Indian Males	2	1	-1	3	3	0	3	3	0	5	5	0	11	11	0	
Indian Females	0	1	1	1	2	1	0	1	1	1	2	1	0	7	7	
White Males	0	0	0	3	2	-1	0	0	0	3	3	0	0	10	10	
White Females	0	0	0	0	1	1	0	1	1	0	1	1	0	10	10	
Other Males	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Females	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>16</b>	<b>19</b>	<b>4</b>	<b>9</b>	<b>12</b>	<b>3</b>	<b>15</b>	<b>18</b>	<b>3</b>	<b>281</b>	<b>309</b>	<b>28</b>	

**Table 24:** Employment Equity statistics

## INFORMATION AND COMMUNICATION TECHNOLOGY

During the year under review, the ICT section has undertaken the following initiatives in order to enhance the use of information and communication technology in the municipality:

- Implementation of the IT Governance Framework
- Network maintenance Contract awarded
- Contract for Disaster Recovery and Business Continuity Plan has been awarded and completed
- Equipment for Libraries and Youth Centre Allocated
- Tender for IT Equipment has been awarded and valid until January 2014.
- New IP Telephone System Contract has been awarded
- Call Centre being implemented
- SMS Tool for Communities implemented

- Received a Municipal Systems Infrastructure Grant for connectivity to wards
- Microsoft Software audit concluded and enterprise agreement concluded
- UPS installed for Datacentre
- Laptops and 3G cards allocated to all Councillors
- All ICT Staff have been permanently appointed
- Auditor General Audit into IT concluded.
- Upgrade of Data Lines in Progress
- Records department are currently uploading files electronically
- Partnership with KZN Treasury in respect of IT governance

## 4.2 MUNICIPAL PERSONNEL WORKFORCE

### EMPLOYEE TOTALS/ STAFFING INFORMATION

Although the municipality seems to have a high number of vacancies, it should be noted that most of the vacant positions are occupied by staff members employed on a temporary basis leading to a payroll of about 991. However in a Senior Management Level (Section 56 Managers), there are still two positions that are not filled in yet, those of Executive Directors: Electrical Engineering and Civil Engineering. These are prioritised positions by Council and are to be filled in 2014/2015 financial year.

Measures to improve and lower vacancy rate have been employed by prioritising the recruitment and selection section by appointing one additional Personnel Officer to make two as well as a Records Clerks ensuring management of information.

The KDM recruitment and selection policy encourages internal staff mobility, meaning that whenever these vacancies are filled internal staff members are encouraged to apply and get appointed where deemed appropriate.

Function	Number of Staff	Number of Vacancies
Municipal Manager	2	0
Corporate Governance	20	2
Corporate Services	46	1
Finance	69	3
EDP	107	6
Technical Services	189	41
Municipal Services	403	38
<b>Total</b>	<b>836</b>	<b>103</b>

**Table 25:** Total Approved Posts on the Organogram

## STAFF TURNOVER

This refers to the total number of terminations registered by KDM as a result of resignation, retirement, death, medical boarding, abscondment and dismissal. In total, there was 50 staff turnovers recorded for the year under review.

## VACANCY RATE PER POST LEVEL, FUNCTIONAL LEVEL

The vacancy rate refers to the overall KDM vacancies as at 30 June 2014. The municipality is currently having a 11% vacancy rate. However, budget has been made available in the New Year to fill in the vacant positions in terms of the Council approved organogram and budget.

## 4.3 MANAGING MUNICIPAL WORKFORCE HR POLICIES AND PLANS

Council approved the following policies during the period 2010/11 and 2011/12:

- Health and Safety Policy
- Employment Equity Plan
- Skills Development Plan

## INJURIES

Human Resource Management and Development service is responsible for the reporting and administration of injuries on duty for permanent staff members. This involves the administrative process to report the injury that occurred after it has been reported by the employee or the head of department, the arranging of medical examination, arranging of follow-up visits for treatment and/or evaluation. The submission of accounts to the Compensation Commissioner is also done. For the year 2013/2014, there were 34 injuries on duty that were reported to the compensation commissioner. It be noted that the injuries reported have decreased as 54 injuries have been reported in the previous reporting year.

## SUSPENSIONS

Suspensions refer to the total number of employees suspended during the financial year irrespective of the outcome of their hearings. There were 5 dismissals recorded, two of which are on appeal. The suspensions were based on the various offences as shown in the table below.

Pay Number	Nature Of Offence	Date Reported	Gender	Outcome
P 07059	Theft	12/11/2012	Male	Dismissal
P 40023	Corruption	14/02/2013	Female	Dismissal
P 07082	Corruption	18/02/2013	Male	Dismissal
P 04119	Bribery	04/01/2013	Male	Not guilty
P 35153	Theft	05/09/2012	Male	Dismissed but on appeal demoted, the employer took the matter to labour court for review, still pending.
P 15428	Fraud	01/10/2013	Male	Dismissal
P 58209	Drunk on duty and misuse of municipal vehicle	23/04/2014	Male	Not yet finalised
P 17052	Assault	12/05/2014	Male	Not yet finalised

**Table 26:** List of Suspensions and Dismissals.

## 4.4 CAPACITATING MUNICIPAL WORKFORCE

The KwaDukuza Municipality is committed to the structured and systematic training and development of all its employees on an on-going basis to enable them to perform their duties effectively and efficiently. Training and skills development programmes are also provided to enable employees to acquire the skills, knowledge and other attributes and develop their potential to meet the municipality's future human resource needs. A number of **146** beneficiaries, inclusive of councillors, permanently appointed employees and interns were trained in skills development interventions in accordance with the identified skills gaps and skills priorities namely. The municipality also awarded **58** bursaries to internal staff members at a cost of **R597,963.69**

### OCCUPATIONAL LEVELS (GENDER)

Occupational Category	Males	Females	Total
Legislators	4	0	4
Directors and Corporate Managers	4	3	7
Professionals	1	10	11
Technicians and Trade workers	3	0	3
Community and Personal service workers	8	0	8
Clerical and Administrative workers	37	42	79
Machine Operators and Drivers	1	0	1
Labourers	31	2	33
<b>TOTAL</b>	<b>89</b>	<b>57</b>	<b>146</b>

**Table 27:** Training beneficiaries per occupational category

## BURSARIES AWARDED TO INTERNAL STAFF

Field of Study	Number of awardees	Rand Value
BA IN GOVERNMENT ADMINISTRATION & DEVELOPMENT	1	R 12 220.00
BACHELOR OF PUBLIC ADMINISTRATION	1	R 12 100.00
BACHELOR OF PUBLIC ADMINISTRATION	1	R 12 100.00
BACHELOR OF TECHNOLOGY MANAGEMENT PROGRAMME	1	R 29 920.00
BCOMPT	1	R 4 634.60
CERT.IN DISASTER MANAGEMENT	1	R 14 000.00
CERTIFICATE IN DISASTER MANAGEMENT	1	R 14 000.00
CERTIFICATION IN BUSINESS ADMINISTRATION	1	R 13 200.00
CIMA OPERATIONAL LEVEL	1	R 15 700.00
CIVIL ENGINEERING S3 LEVEL	1	R 4 901.73
DIPL.IN ARCHITECTURAL DRAFTING	1	R 13 843.00
DIPLOMA IN CHARTERED INSTITUTE OF SECRETARIES	1	R 4 800.00
DIPLOMA IN OFFICE ADMINISTRATION	1	R 20 400.00
DIPLOMA IN YOUTH DEVELOPMENT	1	R 6 050.00
HONOURS IN BACHELOR OF PUBLIC ADMINISTRATION	1	R 18 000.00
LLB DEGREE	1	R 10 935.00
LLB DEGREE	1	R 21 315.00
MCITP	1	R 20 980.00
MCITP	1	R 20 980.00
N5 HUMAN RESOURCES MANAGEMENT	1	R 2 738.00
NAT.DIPL. IN ROAD TRAFFIC & MUNICIPAL POLICING	1	R 3 020.00
NAT.DIPL.IN PUBLIC ADMINISTRATION & MANAGEMENT	1	R 12 070.00
NAT.DIPL.IN ROAD TRAFFIC & MUNICIPAL POLICING	1	R 3 020.00
NATIONAL DIPLOMA IN CIVIL ENGINEERING	1	R 5 700.00
NATIONAL DIPLOMA IN HEALTH & SAFETY	1	R 8 320.00
NATIONAL DIPLOMA IN PUBLIC MANAGEMENT	1	R 5 706.00
NATIONAL DIPLOMA IN PUBLIC MANAGEMENT	1	R 5 283.00
NATIONAL DIPLOMA IN PUBLIC MANAGEMENT	1	R 8 515.00
PROGRAMME IN HRM	1	R 2 920.00
BACHELOR OF PUBLIC ADMINISTRATION	1	R 18 700.00
DIPLOMA IN SAFETY MANAGEMENT	1	R 5 365.00
B TECH: MUNICIPAL POLICING & TRAFFIC MANAGEMENT	1	R 6 286.36
NETWORKING TECHNICIAN	1	R 25 688.00
CERTIFICATE IN PROJECT MANAGEMENT	1	R 9 000.00
ELECTRICAL ENGINEERING N2	1	R 2 140.00
ND. ORNAMENTAL HORTICULTURE	1	R 3 120.00
ND.HUMAN RESOURCES MANAGEMENT	1	R 16 210.00
BA.HUMAN & SOCIAL STUDIES	1	R 8 640.00
ND.ACCOUNTING	1	R 1 180.00
NETWORKING TECHNICIAN	1	R 25 688.00
ND.TECHNICAL FINANCIAL ACCOUNTING	1	R 32 425.00
DIPLOMA IN OFFICE ADMINISTRATION	1	R 20 440

## BURSARIES AWARDED TO INTERNAL STAFF ...continued

Field of Study	Number of awardees	Rand Value
CERTIFICATE IN LOCAL GOVT & DEV.MANAGEMENT	1	R 11605.00
N4-N6 HUMAN RESOURCE MANAGEMENT	1	R 2030.00
MBA GENERAL	1	R 23500.00
MECHANICAL ENGINEERING NTC2	1	R 6000.00
CERT.IN COPY-EDITING AND PROOFREADING	1	R 2495.00
DIPLOMA IN PUBLIC MANAGEMENT	1	R 2030.00
DIPLOMA IN PUBLIC MANAGEMENT	1	R 2030.00
BCOMPT ACCOUNTING	1	R 2390.00
PROGRAMME IN PUBLIC ADMINISTRATION & MANAGEMENT	1	R 7800.00
BA DEVELOPMENTAL STUDIES	1	R 6120.00
BCOM INDUSTRIAL & ORG. PSYCHOLOGY	1	R 5990.00
DIPLOMA IN YOUTH DEVELOPMENT	1	R7260.00
DIPLOMA IN PUBLIC MANAGEMENT	1	R 2030.00
DIPLOMA IN PUBLIC MANAGEMENT	1	R 2030.00
TRANSPORTATION MANAGEMENT DIPLOMA	1	R 4600.00
PROGRAMME IN PUBLIC ADMINISTRATION & MANAGEMENT	1	R 7800.00

**Table 28:** Bursaries awarded

## INTERNSHIP PROGRAMME

Area of Focus	Number of Interns
Internal Auditing	1
Testing and Motor Licensing	1

**Table 29:** Internship Programme

## BUDGET ALLOCATION TO SKILLS DEVELOPMENT

The amount of budget allocated to Skills Development was **R 2 597 701** during the year under review. There was 67.4% expenditure on the allocated budget.

## MFMA COMPETENCY TRAINING FOR SENIOR MANAGERS

Name of Official	A Total Number of Employees employed by the Municipality: Regulation 14(4)(a)(c)	B Total of officials employed by the municipal entity Regulation 14(a)(c)	C Consolidated total of A and B	D Consolidated competency assessments completed for A and B: Regulation 14(4)(b)(d)	E Consolidated Total number of officials whose performance agreements comply with Regulation 16: Regulation 14(4)(f)	F Consolidated Total number of officials that meet the prescribed competency levels: Regulation 14(4)(e)
<b>FINANCIAL OFFICIALS</b>						
Accounting Officer	1		1			
Chief Financial Officer	1		1			
Executive Directors	4		4			1
Directors	15		15	4		4
Senior Managers	9		9	7		7
Middle Managers	1		1			
<b>SUPPLY CHAIN MANAGEMENT OFFICIALS</b>						
Head of SCM	4		4			1
SCM Managers	15		15	4		4
Any other financial officials	9		9	7		7
<b>TOTAL</b>	1		1			

**Table 30:** Minimum competency levels for senior managers

# Chapter 05

## Financial Performance





# COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

KwaDukuza Municipality's (KDM) operating revenues grew by 8.91% from R1 008 109 629 (restated) in 2013 to R1 097 944 446 in 2014. The restated revenue in the 2013 financial year increased by R35 081 281 due to a prior year Asset Adjustment stemming from the recognition of street lights not previously recognised. Thus causing the revenue to increase by a marginally lower percentage as compared to the 2013 financial year. The following statistics highlight firstly, the good state of financial health the municipality has attained and, secondly, the negative impact the tariff hikes set by controlling authorities have on municipalities.

Own revenue remained within the 85-90% range of total revenue. This indicates that the Council is not dependent on grant funding as it operates successfully on its own. Own revenue as a percentage of total revenue decreased marginally when compared to the 2012/2013 (restated). That said however, it is a worrying concern that own revenue as a percentage of total revenue shows a decreasing trend year on year. Own revenue was measured at 85.00% in the 2013/2014 financial year, 88.00% for the 2012/2013 financial year and 89% in the 2011/2012 financial year. This can be attributed to increasing energy losses.

Overall total revenue grew by 8.91% for the year under review when compared to prior year. (Restated 2013 revenue of R 1 008 109 629 vs 2013/14 revenue of 1 097 944 446 = increase of 8.91 %.) Assessment rates realised an increase of 8.63% (2013: 7.5%), refuse income increased by 11.70% (2013: 10.1%) and electricity revenue increased by 12.65% (2013:15.7%). The decrease in the electricity revenue can be attributable to high energy losses (R61 739 229 (2013/2014) in comparison to R46 122 321 (2012/2013)). It should also be noted that ESKOM bulk tariff increase for 2013/2014 was 11.15% growth in bulk electricity costs.

Expenditure – overall increase of 12.15% was realised compared to prior financial year (15.5%). The following categories contributed to the increase:

Employee costs – KDM has filled a number of positions during this financial year and this can be seen from the increase in the employee costs of 13.32 % (2013:17.1%). Certain positions will be filled in 2014/2015 financial year. A saving of R23.07m was realised as a result of positions not filled in 2013/2014.

Repairs & Maintenance – an increase of 16.38% (2013:17.2%). We are striving to improve on the maintenance of our infrastructure. More expenditure will be incurred on repairs & maintenance in line with the recommendations of National Treasury.

Contracted services – an increase in expenditure by 16.34% in 2014 as compared to 6.11% in 2013. Increases are directly attributable to annual price increases by various service providers.

Bulk Purchases – an increase in expenditure by 10.19% in 2014 as compared to a 16.44% increase in the 2012/2013 financial year.

# COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

KDM had an approved Capital Budget of R514 509 000 which was subsequently adjusted to R475 049 000 for the current financial year. The total spending for the year amounted to R254 705 000 which is on 53.62% as compared to the 34% increase in CAPEX in the previous financial year.

The total underspending on the capital budget is attributable to challenges that were experienced in the execution phase of capital projects.

# COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

The cash and cash equivalents of the municipality as at 30 June 2014 amounts to R542 370 693. This represents a growth of 2.54% as compared to the previous financial year.

Although the cash and cash equivalents have increased, the primary contributors to this increase are an increase in unspent conditional grants as at 30 June 2014 as well as underspending on the operating and capital budget. It is anticipated that the cash and cash equivalents would decrease significantly over the 2014/2015 MTREF.

During the year, excess funds have been invested on short term basis. The interest earned in the 2013/2014 financial year amounted to a 2.85% increase from 2013. Total investments for the 2013/2014 financial year amounted to R359 199 583.30 which represents a decrease of R 33.8m as compared to the previous financial year.

The cash generated by operations reflected a 9.15% increases in 2013/2014. Net increase in cash and cash equivalent of R13.423m is 89.3% lower when compared to the previous financial year and this is attributable to a significant increase in capital expenditure for the 2013/2014 financial year when compared to the 2012/2013 financial year.

Finance costs had increased by 42.62% in the 2013/14 financial year. This increase was as a result of the DBSA drawdown of R 81,284,466.50

The purchase of PPE resulted in an outflow of R83.471m in 2013 as compared to the purchase of PPE for 2013/2014 amounted to R 254 705 444

The following ratios confirm the liquidity of our municipality:  
Current ratio is at 2.28:1 as compared to the previous year of 2.40:1  
The acid test ratio is at 2.26:1 as compared to the previous year 2.39:1

Although the above ratios are within industry norms, it is a concern that this ratio is now reducing and this concern must be read together with concerns raised above for the cash flow over the 2014/2015 MTREF.

Council would have to significantly curtail its capital budget over the 2014/2015 MTREF in order to remain financially viable.

## COMPONENT D: OTHER FINANCIAL MATTERS

KDM has ensured that it improves its financial management through the implementation of relevant internal controls and adhering to legislation.

Financial reporting – finance reports are presented to the Finance Portfolio Committee on a monthly basis. As a municipality we submit our statutory returns to National Treasury on a monthly basis. S71, S52 (d) & S72 reports are compiled and submitted to National Treasury.

We are proud to have received the 9th unqualified audit opinion. We will continue to improve our controls to ensure that we achieve our goal of obtaining a clean audit opinion in the next financial year.



# REPORT OF THE AUDIT & PERFORMANCE AUDIT COMMITTEE



**Wendy Oelofse**

Chairperson of Audit Committee

## KWADUKUZA MUNICIPALITY REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES FOR YEAR ENDED 30 JUNE 2014

The Audit and Performance Audit Committees are pleased to present below their report for the year ended 30 June 2014.

### AUDIT AND PERFORMANCE AUDIT COMMITTEE MANDATE

The KwaDukuza Municipality has established an Audit Committee and a Performance Audit Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2009 (King III).

*“The Audit Committee was satisfied that the financial statements for the period ended 30 June 2014 satisfactorily represented the financial state of affairs of the Municipality.”*

### ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committees is to assist the KwaDukuza Municipality in achieving its strategic goals and objectives, by helping to maintain effective internal controls, effective risk management, accurate financial reporting and corporate governance principles, compliance with applicable legal, ethical and regulatory requirements, and other such duties as may be directed by the Council and the Accounting Officer.

The Audit Committees do not assume the functions of management which remain the responsibility of the Accounting Officer, Council and the delegated officials.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Audit Committee members serve on both the Audit and Performance Audit Committees. The Committees, consisting of 6 independent, external members listed below, are required to meet at least 6 times per annum – 4 for the Audit Committee and 2 for the Performance Audit Committee - as per the respective Charters, although additional meetings may be called as the need arises. In the year under review the meeting attendance was as follows:

Name	Portfolio	Qualifications	Planned Meetings	Meetings Attended	% Attendance
Ms. W. Oelofse	Chair- Audit	CA (SA)	9	9	100%
Mr Z. Zulu	Chair- Performance	MBA	9	7	78%
Mr. B. Mdletshe	Member	Nat Dipl Acc, SAIPA, MBA, AIMFO	9	6	67%
Mr. D. Bosch	Member	B Compt UNISA	9	8	89%
Mr. G. Oldman	Member	CA (SA), AIMFO	9	9	100%
Mr. P. Mntambo	Member	B Compt, Project Mgmt, GIMFO	9	6	67%

## AUDIT COMMITTEES' RESPONSIBILITIES

In the conduct of their duties, the Audit Committees have performed the following statutory duties:

### 1. REVIEW INTERNAL FINANCIAL CONTROLS AND INTERNAL AUDITS

The Internal Audit Department (IAD) was functional for the twelve months under review.

However, the lack of capacity in the department and the ability of the department to complete the approved Audit Plan and cover all significant risk areas in the municipality within the financial year were raised as major concerns on a number of occasions. Insufficient capacity in IAD impacts on our assessment of the control environment and limits the number of control reviews and assessments that can be completed. This in turn restricts both the Audit and Performance Audit Committees' ability to perform their responsibilities.

A risk-based internal audit plan for the 2013/2014 year was drawn up and approved by the Audit Committee. The internal audit plan gives consideration to the critical risks of the operations of the Municipality, addresses the findings of the Auditor-General, and is prepared for a period of 3 years.

The IAD submitted reports during the year and areas of concern with a high risk rating were discussed with management. Internal Audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues reported on. The Audit and Performance Audit Committees expressed concern at the number of instances where audit findings are repeated, particularly as regards Performance Management. The Audit Committee also expressed concern at the delay experienced in obtaining management comment on the IAD reports and in particular on tenders and contracts, and urged management to address this urgently. The Audit and Performance Audit Committees also urged management to provide detailed responses to audit findings which clearly outline the corrective action to be taken, the responsible party and the implementation timeline.

The Audit Committee reviewed and commented on the audit action plan for 2013/14 to address internal as well as external audit findings. The Committees monitored management progress against this plan at each of its meetings and the IAD provided independent assurance on

completed action plans. The Performance Audit Committee also expressed its concern at the delays experienced every quarter in obtaining senior management's commitments on the action plan. This demonstrated a lack of commitment to the improvement process. The Audit and Performance Audit Committees will continue to monitor progress against the plan drafted in response to the audit findings at each of its future meetings.

Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring. The Audit Committee has expressed concern that the internal control environment is not yet fully effective to ensure clean administration, based mainly on the internal and external audit findings as well as the quarterly dash board report of the Auditor-General.

### 2. RISK MANAGEMENT

Internal Audit does not assume the functions, systems and processes of risk management but assists Council and management in the monitoring of risk management in the Municipality, through its own assurance processes and the progress of the different departments in the Municipality in managing their risk, in coordination with the risk officer.

Risk management is the identification, assessment, and prioritisation of risks and the application of resources to minimise, monitor, and control the probability and/or impact of the risks.

The Audit Committee is responsible for the oversight of the internal and external audit function as well as for financial reporting. The assessment of internal controls over financial reporting is risk-based, and as a result the Audit Committee is responsible for overseeing management's risk policies and discussing the Municipality's key risk exposures with management.

The Municipality conducted a risk identification workshop before the start of the 2013/2014 financial year to identify strategic risks with the potential to impede the Municipality's ability to achieve its strategic goals. Departmental risk registers were updated in June 2013 and management identified current controls that may be in place to mitigate risks identified, as well as possible action plans to be implemented to improve the mitigation of risk. However, the Municipality did not appoint a risk officer, the risk management committee met only once in the course of the financial year, and no minutes have been tabled at the Audit

Committee meetings in the period under review. This is of concern as the Audit Committee could not fulfil its oversight role effectively. The Audit Committee also believes that a Risk Officer should be appointed as a matter of urgency to assist the Audit Committee in fulfilling its oversight role on risk management.

### 3. REVIEW OF THE FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDING 30 JUNE 2014

The financial statements for the period ending 30 June 2014 were prepared in line with the applicable standards and guidance contained in MFMA circular 50 and current legislation. The Audit Committee evaluated the draft financial statements for reasonableness, completeness and accuracy and considered the efficiency and effectiveness of internal controls over the preparation and reporting.

The Audit Committee reviewed and challenged where necessary, the following areas:

- Arithmetical accuracy and consistency.
- Consistency of, and any changes to, accounting policies, comparing to prior years.
- Methods used to account for significant or unusual transactions where different approaches are possible.
- Whether the Municipality has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account previous audit outcomes.
- The quality of disclosure in the Municipality's financial reports and the context in which statements are made.
- All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).
- All material issues in prior reports by the Auditor-General have been appropriately accounted for, resulting in fair presentation.
- Conduct analysis of trends and other financial ratio calculations.

The Audit Committee was satisfied that the financial statements for the period ended 30 June 2014 satisfactorily represented the financial state of affairs of the Municipality and recommended that they be forwarded to the Auditor-General for audit.

The Audit Committee, however, expressed its concern that the draft Annual Report was not available for timely review before submitting to the Auditor-General. The CFO has committed to making quarterly financials available to the Audit Committee for review in the 2014/2015 financial year, subject to staff capacity in the Finance department.

### 4. ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL REPORTING AND INFORMATION

Regular management reports were reviewed by the Audit Committee. These included debtors age analyses, income and expenditure reports and budget and variance reports. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Audit Committee were implemented by management.

Information furnished by the IAD, the Auditor-General and Management has allowed the Audit Committee to form an opinion that the Municipality's system of internal financial control is effective and forms a basis for the preparation of reliable financial statements.

The Audit and Performance Audit Committees have expressed concern that top management do not always attend meetings to respond adequately to several pertinent matters raised by the Committees. One of the key challenges for the Municipality is the ability to complete the budgeted capital projects within the proposed time scales. We have also noted that a number of the grants awarded to the Municipality were not spent by the end of the financial year. As a result, the Municipality runs the risk of losing these grants and this will have a significant impact on the Municipality's ability to complete the strategic infrastructure that it has planned.

### 5. PERFORMANCE MANAGEMENT

It is evident that the area of performance management has not been prioritised by senior management despite the Performance Audit Committee's repeated requests and this continues to be of particular concern.

There is a distinct lack of responsibility and accountability from certain areas of management with respect to performance management. The IAD queries as well as queries raised and requests made by the Performance Management Unit (PMU) are not taken seriously, often despite repeated attempts to engage management on these issues.

The Performance Audit Committee has expressed concern that the quarterly performance reports and internal audit reports were only tabled for review by the Committee two to three months after the end of each of the quarters. This also resulted in the annual performance report being submitted late and the Audit Committee has not been able to review it. The Audit Committee also expressed concern that the individual performance evaluations of section 56 and 57 managers for the 2012/2013 financial year were only completed in April 2014. Furthermore, the quarterly individual performance evaluations were only undertaken 2 to 3 months after the end of the quarters. This approach gives little time for addressing shortcomings and implementing improvements. It was noted that the standard operating procedures (SOP) that management undertook to put in place following receipt of the AG's report for the 2012/2013 financial year were still not in use more than 12 months after making this undertaking. It is unacceptable that key controls and systems are not addressed and implemented as a matter of urgency.

## 6. EFFECTIVE GOVERNANCE

The Audit Committees are responsible for ensuring that the Municipality's internal audit function is independent and has the necessary resources, standing and authority within the Municipality to enable it to discharge its duties. However, the IAD was not able to complete the approved audit plan for the 2013/2014 financial year owing to continuing vacancies within the department. This resulted in a limitation on the work of the Audit and Performance Audit Committees. This has an unacceptable impact on the risk environment of the municipality and Council should take appropriate action as a matter of urgency.

The Audit and Performance Audit Committees also oversee cooperation between the internal and external auditors, and serve as a link between the Council and these functions. The internal and external auditors have unlimited direct access to the Audit and Performance Audit Committees, primarily through its chairperson.

The Mayor of the Municipality, the Chairperson of the Municipal Public Accounts Committee, and representatives from COGTA, National & Provincial Treasury & the office of the Auditor General are invited to the Audit Committee meetings. However, during the period under review the minutes of MPAC meetings had not been tabled at the Committee meetings.

## 7. COMPLIANCE WITH LEGISLATION AND ETHICS

Areas of non-compliance have been brought to the attention of management. A compliance checklist has been developed to address the shortcomings.

An Ethics policy has been developed. However, the Audit Committee expressed concern at the lack of an implementation and communication/awareness plan.

## 8. ANNUAL REPORT 2013/2014

The Audit Committee has reviewed the Annual Report for 2013/2014.

## RECOMMENDATIONS

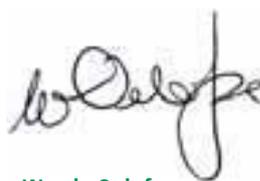
- (1) Council should ensure that clear, relevant and time bound commitments are recorded on the Auditor-General's quarterly dash board report and should thereafter monitor the progress on a monthly basis. This will improve compliance with key internal controls and contribute to clean administration. In this regard it is imperative that the accounting officer provide the required resources such as staff and space to establish an efficient and effective registry to ensure proper document management.
- (2) The accounting officer should monitor progress made with management's action plan to address the Auditor-General's audit findings on a monthly basis. Council should monitor progress quarterly in conjunction with the dash board report.

- (3) The accounting officer should set clear timelines and procedures for organisational as well as individual performance evaluations. Council should monitor compliance with these timelines and procedures and should take the necessary action against senior employees who do not respond appropriately and on a timely basis.
- (4) Council should ensure that adequate financial and staffing resources are made available on an urgent basis for the Internal Audit function to be efficient and effective. This will contribute to the IAD submitting reports on a timely basis to the Audit and Performance Audit Committees to fulfil their mandate.
- (5) Council should ensure that it has sufficient and appropriate manpower resources and processes to be able to fully utilise grants within the prescribed time frames. .
- (6) The accounting officer should attend to the internal audit report on tenders and contracts as a matter of urgency and report back to the Audit Committee at its next meeting. We would also recommend that this matter be referred to MPAC for investigation.
- (7) Council should ensure awareness of the policies on Ethics, Whistleblowing and Fraud and Corruption by means of workshops with the relevant stakeholders, and roll out to staff.
- (8) Council should ensure that the Risk Management Committee is functioning effectively to facilitate the execution of the risk management processes as a key enabler to achieving the business objectives and programme goals of the Municipality. In this regard a Risk Officer should be appointed as a matter of urgency to assist the Audit and Performance Audit Committees in fulfilling their oversight role on risk management.

## CONCLUSION

The Audit Committee confirms its commitment to assist Council to make significant progress towards clean administration. The Audit Committee also wishes to thank Council and management for its support and the teams from internal and external audit for their contributions.

On behalf of the Audit and Performance Committees



**Wendy Oelofse**  
Chairperson of Audit Committee

# Chapter 06

## KWADUKUZA MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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# REPORT OF THE AUDITOR-GENERAL

## REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON KWADUKUZA MUNICIPALITY

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the KwaDukuza Municipality set out on pages 168 to 237 which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on the 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 KwaDukuza Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### Emphasis of matters

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

#### Significant uncertainties

8. With reference to note 34 to the financial statements, the municipality is a defendant in various claims. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

9. With reference to note 34.1 to the financial statements, the municipality has entered into service level agreements with property developers to reimburse them for the cost of bulk electricity. The reimbursements are dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursement cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

#### **Material losses and impairments**

10. As disclosed in note 32.8 to the financial statements, material losses of 91,37 million kilowatts amounting to R61,73 million were incurred as a result of technical and non-technical electricity distribution losses.
11. As disclosed in note 16 to the financial statements, the impairment on receivables increased by R16,09 million. In addition, receivables amounting to R6,60 million was written off as irrecoverable during the year.

#### **Material underspending of the capital budget**

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the budget on capital expenditure to the amount of R220,34 million. This has resulted in the municipality not achieving some of its planned service delivery targets for the year.

#### **Additional matter**

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

#### **Unaudited disclosure notes**

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

## **PREDETERMINED OBJECTIVES**

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected developmental objective presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Development objective 2: Basic service delivery (pages 82 to 94)
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the national treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *framework for managing programme performance information* (FMPPi).
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the selected development objective are as follows:

## **BASIC SERVICE DELIVERY**

### **USEFULNESS OF REPORTED PERFORMANCE INFORMATION**

#### **Consistency of objectives**

#### **Reported objectives not consistent with planned objectives**

21. Section 41(c) of the Municipal Systems Act, 2000 (Act No.32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% of the reported objectives were not consistent with those in the approved integrated development plan. This was due inadequate reviews by senior management and the municipal council.

## Measurability of indicators

### Performance indicators not verifiable

22. The FMPPPI requires the performance indicator must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 24% of the indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPPI due to a lack of proper systems and processes.

## Reliability of reported performance information

### Reported performance not reliable

23. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the lack of standard operating procedures and the fact that the municipality could not provide sufficient appropriate evidence in support of the reported performance information.

### Additional matters

24. I draw attention to the following matters:

### Achievement of planned targets

25. Refer to the annual performance report on pages **74 to 103** for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development objective reported in paragraphs 21 to 23 of this report.

### Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing in respect of the reported performance information of the basic service delivery objective. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

### Compliance with laws and regulations

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

## Strategic planning and performance management

28. The performance management system and related controls were inadequate as they did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the *Municipal planning and performance management regulations*.
29. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.

## Procurement and contract management

30. Bids were not always evaluated by bid evaluation committees composed of at least one supply chain management (SCM) practitioner of the municipality, as required by municipal SCM regulation 28(2).

## Expenditure management

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

## Transfer of funds and conditional grants

32. The transfer of a portion of the municipal infrastructure grant (MIG) to the district municipality was not made in terms of section 16(2) of DoRA as the payment schedule entered into between the KwaDukuza Municipality and the district municipality was not approved by the National Treasury.
33. The municipality did not evaluate its performance in respect of programmes funded by the MIG and the municipal systems improvement grant, as required by section 12(5) of DoRA.

## Internal control

34. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

## Leadership

35. The municipal council, accounting officer and senior management have not provided effective leadership and good governance by ensuring that the municipality took effective measures to address previous findings on irregular expenditure, reporting on predetermined objectives and compliance with regulations.

### Financial and performance management

36. The accounting officer did not implement a proper record management system for the maintenance of documentation supporting reported performance and did not implement standard operating procedures to ensure that reported performance indicators are verifiable.
37. The accounting officer has not implemented adequate monitoring controls to ensure that the municipality complies with all key laws and regulations.

## OTHER REPORTS

### Investigation in progress

38. The KwaZulu-Natal Provincial Treasury is investigating alleged collusion between prepaid electricity vendors and a former employee. The investigation was still in progress at the date of this report.

*Auditor - General*

Pietermaritzburg  
28 November 2014





KWADUKUZA MUNICIPALITY

# AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

I am responsible for the preparation of these annual financial statements, which are set out on pages 160 to 251, in terms of Section 126(1) of the Municipal Finance Management Act No. 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 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 Provincial and Local Government's determination in accordance with this Act.

**N J MDAKANE**  
**MUNICIPAL MANAGER**

28/11/2014

**Date**

# ANNUAL FINANCIAL STATEMENTS FOR KWADUKUZA MUNICIPALITY

**FOR THE YEAR ENDED** 30 June 2014

**PROVINCE:** KwaZulu Natal

**AFS ROUNDING:** R (i.e. only cents)

## CONTACT INFORMATION:

<b>Name of Municipal Manager:</b>	MR N J MDAKANE
<b>Name of Chief Financial Officer:</b>	MR S M RAJCOOMAR
Contact telephone number:	(032) 4375500
Contact e-mail address:	ShamirR@kwadukuza.gov.za
<b>Name of contact at Provincial Treasury:</b>	Keneue Mofoka
Contact telephone number:	033 - 897 4400
Contact e-mail address:	Keneue.Mofoka@kzntreasury.gov.za
<b>Name of relevant Auditor:</b>	The Auditor General
Contact telephone number:	033 - 264 7603
Contact e-mail address:	ntombifuthim@agsa.co.za/ naseemm@agsa.co.za
<b>Name of contact at National Treasury:</b>	Elsabe Rossouw
Contact telephone number:	012 - 315 5534
Contact e-mail address:	Elsabe.Rossouw@treasury.gov.za

## GENERAL INFORMATION: MEMBERS OF THE COUNCIL

N R Mthembu	<b>Mayor</b>	N G Mthethwa	Member
G Govender	<b>Deputy Mayor</b>	R N Pakkie	Member
T Khuluse	<b>Speaker</b>	G J Van Whye	Member
A M McDonnel (01/07/2013 - 12/05/2014)	Member of the Executive Committee	N M Hlatshwayo	Member
* C R Marsh (28/05/2014 - 30/06/2014)	Member of the Executive Committee	V M W Mdluli	Member
M S Sing	Member of the Executive Committee	A L Sahadaw	Member
S P C Mdletshe	Member of the Executive Committee	J A Vallan	Member
S Oudhram	Member of the Executive Committee	W M Luthuli	Member
J L T Sibiya	Member of the Executive Committee	R Singh	Member
S S Gumede	Member of the Executive Committee	S Anamalay	Member
J M Banda	Member of the Executive Committee	B Dlavana	Member
M S Mhlongo	Member of the Executive Committee	A Gopaul	Member
O L Nhaca	Member of the Executive Committee	T K Gumede	Member
D W Ndimande	Chief Whip	T N Khumalo	Member
B B Sing	Member	E M Kolia	Member
D Singh	Member	S P Luthuli	Member
C N Xulu	Member	S L Magubane	Member
M E Zungu	Member	S M R Mfeka	Member
N P Dube	Member	S D Mashiya	Member
N Sewraj	Member	G Z Mngomezulu	Member
E B Majola	Member	C Ndlovu	Member
L R Makhathini	Member	D M Ngcobo	Member
T E Msweli	Member	T V Ntuli	Member
A M Baarman	Member	S A Ngwane	Member
T V Ntuli	Member	I T Nxumalo	Member
S C M Motala	Member	J S Phahla	Member
G N Mbonambi	Member		

\* Replaced Clr. A M McDonnel on EXCO

## GENERAL INFORMATION (continued)

<b>Municipal Manager</b>	Mr N J Mdakane
<b>Chief Financial Officer</b>	Mr S M Rajcoomar
<b>Grading of Local Authority</b>	Category 4
<b>Auditors</b>	Auditor-General South Africa (AGSA)
<b>Bankers</b>	First National Bank
<b>Registered Office:</b>	KwaDukuza Municipality
<b>Physical address:</b>	14 Chief Albert Luthuli Street KwaDukuza 4450
<b>Postal address:</b>	PO BOX 72 KwaDukuza 4450
<b>Telephone number:</b>	(032) 437 5000
<b>Fax number:</b>	(032) 437 5098
<b>E-mail address:</b>	<a href="mailto:municipalM@kwadukuza.gov.za">municipalM@kwadukuza.gov.za</a>

## STATEMENT OF FINANCIAL POSITION at 30 June 2014

	NOTES	2014	RESTATED 2013
		R	R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>1 148 909 295</b>	<b>929 693 969</b>
Property, plant and equipment	10	1 056 124 086	845 536 651
Intangible assets	11	11 549 526	13 352 682
Investment properties	12	80 230 000	69 785 000
Heritage Assets	13	18 346	18 346
Long-term receivables	14	987 337	1 001 290
<b>Current assets</b>		<b>654 754 061</b>	<b>623 035 860</b>
Inventories	15	5 761 340	2 882 889
Receivables from exchange transactions	16	69 164 521	57 610 161
Receivables from non-exchange transactions	17	32 446 122	29 180 671
Value added taxation receivable	9	5 005 275	4 409 855
Current portion of long-term receivables	14	6 109	5 076
Cash and cash equivalents	18	542 370 693	528 947 208
<b>Total Assets</b>		<b>1 803 663 356</b>	<b>1 552 729 828</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>232 155 825</b>	<b>160 268 535</b>
Long-term liabilities	2	147 818 364	81 965 959
Non-current provisions	3	6 977 991	6 746 798
Employee benefits	4.2	65 031 000	59 972 510
Long service awards and retirement gifts	4.3	12 315 000	11 350 971
Non-current lease liability	40	13 470	232 297
<b>Current liabilities</b>		<b>286 935 691</b>	<b>254 500 095</b>
Deposits	5	24 237 783	22 750 448
Current Portion of Provisions	6	1 284 404	2 664 788
Current Provisions	6	-	100 000
Trade and other payables	7	172 631 808	159 673 826
Unspent conditional grants and receipts	8	75 476 334	58 109 820
Current portion of long-term liabilities	2	13 099 635	10 817 480
Current portion of lease liability	40	205 728	383 734
<b>Total Liabilities</b>		<b>519 091 516</b>	<b>414 768 630</b>
<b>Net Assets</b>		<b>1 284 571 841</b>	<b>1 137 961 199</b>
<b>NET ASSETS</b>			
Housing operating account	1	8 728 156	8 728 156
Revaluation Reserve		9 813 137	9 813 137
Accumulated surplus		1 266 030 548	1 119 419 906
<b>Total Net Assets</b>		<b>1 284 571 841</b>	<b>1 137 961 199</b>

## STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2014

	NOTES	2014	RESTATED 2013
		R	R
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
Property rates	19	257 976 406	237 479 149
Property rates - penalties imposed and collection charges		9 666 071	10 744 404
Fines	28.2	25 973 087	5 886 814
Government grants and subsidies	21	141 651 286	116 663 902
Licences and permits		8 767 667	8 571 183
Public donations - Property, plant and equipment	10	5 024 977	18 428 975
<b>Revenue from exchange transactions</b>			
Service charges	20	574 483 409	510 312 319
Rental of facilities and equipment		1 065 285	1 054 586
Interest earned investments	18	21 700 289	21 098 672
Interest earned outstanding debtors		4 283 230	2 729 431
Other income	28.1	36 823 634	73 195 195
Gain on disposal of property, plant and equipment		84 105	-
Fair Value Adjustment of investment properties	12	10 445 000	1 945 000
<b>Total Revenue</b>		<b>1 097 944 446</b>	<b>1 008 109 629</b>
<b>EXPENDITURE</b>			
Employee related costs	22	227 441 281	200 715 198
Remuneration of councillors	23	16 607 754	15 130 157
Collection costs		4 727 168	4 366 191
Ammortisation	11	2 375 177	2 483 039
Depreciation	10	40 061 055	33 970 341
Repairs and maintenance	35	73 669 433	63 303 086
Finance costs	24	11 601 150	8 134 555
Bulk purchases	25	398 246 744	361 429 928
Employee and long services benefits	4.3	6 022 519	5 709 431
General expenses	26	143 609 841	127 983 697
Contracted services	27.1	26 240 607	22 554 536
Transfer made: MIG funding paid to Ilembe District Municipality	27.2	8 528 290	20 619 944
Adjustments to allowance for impairment	16	16 090 377	(324 296)
Adjustments to non-current provisions	3	(1 149 193)	257 048
Adjustments to current provision	6	-	100 000
Bad debts written off	16	6 603 633	2 506 835
Loss on disposal of assets		-	4 537 732
Impairment loss on assets	10	7 015 752	5 705 346
Less: Recharges		(36 357 784)	(30 946 709)
<b>Total Expenditure</b>		<b>951 333 804</b>	<b>848 236 060</b>
<b>SURPLUS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>146 610 642</b>	<b>159 873 569</b>
<b>DISCONTINUED OPERATIONS</b>			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	42	-	2 392 607
<b>SURPLUS FOR THE YEAR</b>		<b>146 610 642</b>	<b>157 480 961</b>

## STATEMENT OF CHANGES IN NET ASSETS for the year ended 30 June 2014

	HOUSING OPERATING ACCOUNT	REVALUATION RESERVE	ACCUMULATED SURPLUS	TOTAL
	R	R	R	R
<b>2011 RESTATED</b>	<b>8 728 156</b>	<b>-</b>	<b>842 596 843</b>	<b>851 325 000</b>
<b>2012</b>				
Restated surplus for the year (refer to note 36.6)			97 399 556	97 399 556
Adjustment to Rates Revenue prior to 2012/13 due to Valuation appeals			289 636	289 636
Adjustment to Other Income prior 2012/2013 in respect of sundry deposits			(7 291)	(7 291)
Adjustment to Rental Income prior 2012/2013			(6 820)	(6 820)
Adjustment to General Expenses prior 2012/2013 in respect of SALGA subscriptions			(135 002)	(135 002)
Adjustment to Fair value of Investment Property prior 2012/2013 in respect of take on of Ballito Scouts Hall			4 000 000	4 000 000
Adjustment to Depreciation			(2 721 602)	(2 721 602)
Adjustment to Accumulated Depreciation prior 2012/2013 in respect of Land incorrectly classified as building - Ballito Lifestyle Centre			2 295 170	2 295 170
Adjustment to Non-current provision - alien vegetation			18 228 458	18 228 458
<b>Restated balance at 30 June 2012</b>	<b>8 728 156</b>	<b>-</b>	<b>961 938 948</b>	<b>970 667 105</b>
<b>2013</b>				
Surplus for the year	-	-	157 480 961	157 480 961
Revaluation Reserve	-	9 813 137	-	9 813 137
<b>Balance at 30 June 2013</b>	<b>8 728 156</b>	<b>9 813 137</b>	<b>1 119 419 906</b>	<b>1 137 961 199</b>
<b>2014</b>				
Surplus for the year	-	-	146 610 642	146 610 642
<b>Balance at 30 June 2014</b>	<b>8 728 156</b>	<b>9 813 137</b>	<b>1 266 030 548</b>	<b>1 284 571 841</b>

**CASH FLOW STATEMENT** for the year ended 30 June 2014

	NOTES	2014	RESTATED 2013
		R	R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		1 089 030 313	988 494 098
Cash paid to suppliers and employees		899 986 944	819 001 682
Cash generated from operations	30	189 043 369	169 492 416
Interest received		21 700 289	21 098 672
Finance costs	24	(11 601 150)	(8 134 555)
		<b>199 142 508</b>	<b>182 456 533</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(254 705 444)	(83 471 888)
Purchase of intangible assets		(335 666)	(10 570)
Decrease/(Increase) in non-current receivables		12 919	113 304
Proceeds on sale of Investment properties		-	380 649
Proceeds on Sale of Property, Plant & Equipment		84 105	
		<b>(254 944 085)</b>	<b>(82 988 505)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised		81 284 467	34 845 088
Loans repaid		(13 149 906)	(9 782 684)
Lease repayments		(396 833)	(387 967)
Increase in consumer deposits		1 487 336	1 461 619
		<b>69 225 062</b>	<b>26 136 056</b>
		<b>13 423 485</b>	<b>125 604 084</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>528 947 208</b>	<b>403 343 125</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	31	<b>542 370 693</b>	<b>528 947 208</b>

## STATEMENT OF COMPARISON OF BUDGET &amp; ACTUAL AMOUNTS for the year ended 30 June 2014

DESCRIPTION				
	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	FINAL BUDGET	
	R (000) THOUSANDS			
	(000)	(000)	(000)	
<b>Financial Performance</b>				
Property rates (Including Penalties and Collection Charges)	275 862	(2 337)	273 525	
Services charges	601 614	(15 678)	585 936	
Investment revenue	10 525	1 850	12 375	
Transfers recognised - operational	108 028	4 446	112 474	
Other own revenue	57 696	5 756	63 452	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 053 725</b>	<b>(5 964)</b>	<b>1 047 762</b>	
Employee Related Costs	239 862	11 284	251 146	
Remuneration of Councillors	18 507	(500)	18 007	
Allowance for impairment	14 136	(3 000)	11 136	
Depreciation and asset impairment	71 923	(23 325)	48 597	
Finance charges	18 026	(2 700)	15 326	
Bulk Purchases	394 048	-	394 048	
Other Expenditure	297 176	12 284	309 459	
<b>Total Expenditure</b>	<b>1 053 679</b>	<b>(5 958)</b>	<b>1 047 721</b>	
<b>Loss on Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus</b>	<b>47</b>	<b>(6)</b>	<b>41</b>	
Transfers recognised - capital	89 345	30 397	119 742	
Contributions recognised - capital and contributed assets	-	-	-	
<b>Surplus after capital transfers &amp; contributions</b>	<b>89 392</b>	<b>30 391</b>	<b>119 783</b>	
Share of surplus of associate				
<b>Capital Expenditure &amp; funds sources</b>				
Capital Expenditure				
Transfers recognised - capital	89 345	26 697	116 042	
Public Contributions and Donations	-	3 700	3 700	
Borrowing	207 821	(61 568)	146 253	
Internally generated funds	217 343	(8 289)	209 054	
<b>Total Sources of capital funds</b>	<b>514 509</b>	<b>(39 460)</b>	<b>475 049</b>	
<b>Cash Flows</b>				
Net cash from (used) operating	133 734	(29 385)	104 349	
Net cash from (used) investing	(514 009)	39 460	(474 549)	
Net cash from (used) financing	168 777	(35 293)	133 485	
Cash/cash equivalents at the year end	<b>317 449</b>	<b>(25 218)</b>	292 231	

2013/14

	ACTUAL OUTCOME	VARIANCE (1) BETWEEN ORIGINAL AND FINAL BUDGET	NOTE ON VARIANCES (1)	VARIANCE (2) BETWEEN FINAL BUDGET AND ACTUAL OUTCOME	NOTE ON VARIANCES (2)
	(000)	(000)		(000)	
	267 642	(2 337)	38.1	(5 882)	38.12
	574 483	(15 678)	38.2	(11 452)	38.13
	21 700	1 850	38.3	9 325	38.14
	100 142	4 446	38.4	(12 332)	38.15
	92 467	5 756	38.5	29 015	38.16
	<b>1 056 435</b>			<b>8 674</b>	
	227 441	11 284	38.6	(23 705)	38.17
	16 608	(500)		(1 400)	38.29
	16 090	(3 000)	38.7	4 954	38.18
	42 436	(23 325)	38.8	(6 161)	38.19
	11 601	(2 700)	38.9	(3 725)	38.20
	398 247	-		4 199	38.30
	238 910	12 284	38.10	(70 549)	38.21
				-	
	<b>951 334</b>	<b>(5 958)</b>		<b>(96 387)</b>	
	-	-	-	-	-
	<b>105 101</b>	<b>(6)</b>		<b>(87 713)</b>	
	41 509	30 397	38.11	(78 233)	38.22
	-	-		-	
	<b>146 611</b>	<b>30 391</b>		<b>26 828</b>	
	41 509	26 697	38.23		38.26
	5 025	3 700			
	81 284	(61 568)	38.24		38.27
	126 887	(8 289)	38.25		38.28
	<b>254 705</b>	<b>(39 460)</b>			
	199 143	(29 385)			
	(254 944)	39 460			
	69 225	(35 293)			
		-			
	<b>542 371</b>	<b>(25 218)</b>			

## 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The Annual Financial Statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the Minister of Finance and also in terms of the standards and principles contained in Directives 3 and 5 issued by the Accounting Standards Board ("ASB") respectively, as amended.

### THE MINISTER HAS DETERMINED THE FOLLOWING STANDARDS OF GRAP FOR MUNICIPALITIES.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash –generating Assets
GRAP 31	Intangible Assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

In addition the municipality has applied all the other Interpretation Standards and directives determined by the Minister in the updated Directive 5.

## 1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

The Municipality has adopted GRAP 25 Employee Benefits for the first time in the current year. Refer to Accounting Policy Note 13 for further details.

## 1.2 CRITICAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

### 1.2.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions. In particular when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

The municipality has adopted IGRAP1; *Applying the probability test on the initial recognition of exchange revenue*, for the first time in the current year. This has impacted on accounting for revenue from traffic fines issued. Refer to Accounting Policy 1.2.7 & 10.3.2 for further details.

### 1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgement by management.

### 1.2.3 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments. The management of the municipality is satisfied that the impairment of financial assets recorded during the year, is appropriate.

### 1.2.4 Useful lives of Property, Plant and Equipment ("PPE")

As described in Accounting Policies 3.3 and, 4.2 the municipality depreciates/amortises its property, plant and equipment, and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

### 1.2.5 Impairment: Write down of PPE and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and write down of inventories to net realisable values.

### 1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 13.4, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25 Employee Benefits. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 4 to the Annual Financial Statements.

Multi-employer defined benefit funds are accounted for as defined contribution plan as set out in note 4.

### 1.2.7 Revenue and Receivable from Traffic Fine

Revenue from traffic fines is initially measured on the value stipulated on the notice, summons or equivalent document.

The revenue from traffic fines is subject to further judicial process which is outside the municipality's control. These reductions are not considered in measuring the revenue and receivable on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process. Once this separated process has been concluded, any reductions are accounted for as a change in estimated revenue and are accounted for as a change in accounting estimate.

## 1.3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

## 1.4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

## 1.5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

## 1.6 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods.

### GRAP 18: Segment Reporting

The objective of this standard is to establish principles for reporting financial information by segments. An entity shall report separately information about each segment that has been identified or results from aggregating two or more segments.

### 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.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

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 in a transfer of functions between municipalities not under common control.

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No effective date has yet been determined by the Minister of Finance.

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.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

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

The impact of this standard is currently being assessed.

**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.

This Standard of GRAP requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the municipality in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard of GRAP also applies to individual financial statements.

This Standard of GRAP requires that only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another municipality, entity or person are disclosed.

The Standard of GRAP sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

No effective date has yet been determined by the Minister of Finance.

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.

For the year under review, Council has applied IPSAS 20.

**GRAP 108: Statutory Receivables**

The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables can arise from both exchange and non-exchange transactions.

**2. HOUSING OPERATING ACCOUNT**

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Operating Account. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Operating Account.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of the Housing Operating Account can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 3. PROPERTY, PLANT AND EQUIPMENT

#### 3.1 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 services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost, where applicable, 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.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

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

#### 3.2 SUBSEQUENT MEASUREMENT

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

#### 3.3 DEPRECIATION

Land is not depreciated as it is regarded as having an indefinite life. Depreciation of assets other than land is calculated, using the straight line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

DETAILS	YEARS
<i>Infrastructure</i>	
Roads	10 – 120
Electricity	5 – 100
Storm Water	10 – 50
Solid Waste Disposal	10 – 50
<i>Community</i>	
Community and Recreation Facilities	5 – 50
Other Assets	2 – 50
Vehicles	3 – 5
Furniture and Fittings	2 – 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

### 3.4 INCOMPLETE CONSTRUCTION WORK

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

### 3.5 FINANCE LEASES

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### 3.6 INFRASTRUCTURE ASSETS

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

### 3.7 DERECOGNITION OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit for the year when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds.

### 3.8 IMPAIRMENT OF ASSETS

#### 3.8.1 Cash - generating Assets

##### Identification:

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

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

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

##### Value in use

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

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

##### Discount rate

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

##### Recognition and measurement

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

#### 3.8.2 Impairment of Non-cash Generating Assets Identification

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset no impairment recognised.

**Value in use**

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

**Depreciated replacement cost approach:**

The present value of the remaining service potential of a non cash generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

**Recognition and measurement**

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets

may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

## 4. INTANGIBLE ASSETS

### 4.1 INITIAL RECOGNITION

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset 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 recognised as an expense when incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is 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.

The municipality does not recognise electricity servitudes arising from a legal right as intangible assets. However, right of use relating to Eskom sub-stations is recognised as intangible assets.

## 4.2 SUBSEQUENT MEASUREMENT, AMORTISATION AND IMPAIRMENT

Subsequently all intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes (excluding electricity servitudes) obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in surplus or deficit for the year.

## 4.3 DERECOGNITION OF INTANGIBLE ASSETS

The carrying amount of an intangible asset is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated amortisation and accumulated impairment losses) and the sales proceeds. This is included in surplus or deficit for the year as a gain or loss on disposal of intangible assets.

## 5. INVESTMENT PROPERTY

### 5.1 INITIAL RECOGNITION

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

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction or at a nominal value its cost is its fair value as at the date of acquisition.

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- Property that is being constructed or developed for future use as investment property;
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

**5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined annually by external valuers at the reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the year.

The carrying amount of an investment property is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an investment property is included in surplus or deficit for the year when the asset is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (fair value) and the sales proceeds.

**6. HERITAGE ASSETS**

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

**(GRAP 1.76 (d))**

Directive 3 allows for transitional provisions in respect of heritage assets, with specific mention of the following:

If the initial accounting for heritage assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those heritage assets for which the accounting is incomplete.

During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .121 or the transfer date in accordance with paragraph .122, and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the entity shall also recognise additional heritage assets if information is obtained about the existence of those heritage assets at the effective date of the Standard or the transfer date, whichever is applicable, and, if it had been known, would have resulted in the recognition of those heritage assets at that date. The measurement period ends as soon as the entity receives the information it was seeking

about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.

This measurement period expires at 30 June 2015 on which date the Standard needs to be fully complied with.

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage Assets implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in the accordance with the requirements of the Standard of GRAP on Heritage Assets

**7. FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

**7.1 FINANCIAL ASSETS - CLASSIFICATION**

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- o Investments longer than 12 months in Fixed Deposits (Banking Institutions, etc.)
- o Long-term Receivables
- o Consumer Debtors
- o Certain Other Debtors
- o Cash & Cash Equivalents

In accordance with GRAP 104, the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

TYPE OF FINANCIAL ASSET	CLASSIFICATION IN TERMS OF GRAP 104
Bank Balances and Cash	Financial assets at amortised cost
Long-term Receivables	Financial assets at amortised cost
Consumer Debtors	Financial assets at amortised cost
Other Debtors	Financial assets at amortised cost
Investments in Fixed Deposits	Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Cash and cash equivalents include 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.

## 7.2 FINANCIAL LIABILITIES - CLASSIFICATION

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors
- Bank Overdraft
- Short-term Loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

The Financial Liabilities of the municipality are classified into the following category as allowed by this standard

- Financial liabilities at amortised cost.

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the Effective interest method, with interest expense recognised on an effective yield basis.

## 7.3 INITIAL AND SUBSEQUENT MEASUREMENT

### 7.3.1 Financial Assets:

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

### 7.3.2 Financial Liabilities:

Financial Liabilities at amortised cost are initially measured at fair value net of transaction costs. Subsequently, these liabilities are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

## 7.4 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The provision is made whereby the recoverability of Consumer Debtors is assessed individually or collectively after grouping the assets in financial assets with similar credit risk characteristics if individual assessment was not possible.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and recognised in surplus or deficit for the year with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit for the year to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 7.5 DERECOGNITION OF FINANCIAL ASSETS

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 7.6 DERECOGNITION OF FINANCIAL LIABILITIES

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

## 8. INVENTORIES

Inventories comprising consumable stores, raw materials and finishing goods are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value, determined on the weighted average cost.

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

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge

Unsold properties represent unsold units in economic selling schemes where the net realisable value of each unit is either nil or a nominal amount. As a consequence of the passage of time the municipality is not in a position to determine the cost of such inventory. Furthermore, the use of current replacement cost would not only distort the statement of financial position by inflating the value of inventories but would also result in a credit to the housing operating account contrary to section 14 of the Housing Act, 1998. Accordingly unsold properties are stated in the annual financial statements at net realisable value.

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

## 9. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

### 9.1 NON-CURRENT ASSETS HELD FOR SALE

#### 9.2 INITIAL RECOGNITION

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Council 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.

#### 9.3 SUBSEQUENT MEASUREMENT

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

#### 9.4 DISCONTINUED OPERATIONS

A discontinued operation is a component of the municipality that either has been disposed of or is classified as held for sale and:

- (a) represents a distinguishable activity, group of activities or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- (c) is a controlled entity acquired exclusively with a view to resale.

Discontinued operations are presented separately from continuing operations in the annual financial statements.

## 10. REVENUE RECOGNITION

### 10.1 GENERAL

#### 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.

Revenue comprises the fair value of the consideration received or receivable for the sale or rendering of services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### **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 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.

## **10.2 REVENUE FROM EXCHANGE TRANSACTIONS**

### **10.2.1 Service Charges**

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

### **10.2.2 Pre-paid Electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards made in the last month of the financial year is recognised based on an estimate of the prepaid electricity consumed as at the reporting date with reference to the consumption patterns of the individual users.

### **10.2.3 Finance income**

Interest earned on investments is recognised in surplus or deficit for the year on the time proportionate basis that takes into account the effective yield on the investment.

### **10.2.4 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

### **10.2.5 Rentals**

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

## **10.3 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

### **10.3.1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

### **10.3.2 Fines**

Fines constitute both spot fines and summonses. Revenue from fines is recognised when the legal entitlement to this revenue arises. Subsequent adjustments to the initial measurement of the fines revenue may be made depending on the outcome of additional judicial processes that follow once the fine is issued.

### **10.3.3 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

### **10.3.4 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

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

## 11. GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised as Accounts Receivable in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability and if it is the municipality's interest it is recognised as interest earned in surplus or deficit for the year.

## 12. PROVISIONS

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

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.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

## 13. EMPLOYEE BENEFITS

In the current year, the municipality has adopted GRAP 25 Employee Benefits.

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard of GRAP requires a municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when a municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange 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 following is noted:

### 13.1 SHORT-TERM EMPLOYEE BENEFITS

Remuneration to employees is recognised in surplus or deficit for the year as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

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

### 13.2 PAST SERVICE COSTS

Past service costs are recognised immediately in surplus or deficit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### 13.3 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 surplus or deficit for the year in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The municipality has no further payment obligations once the contributions have been paid.

### 13.4 DEFINED BENEFIT PLANS

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

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to surplus or deficit for the year in which they arise.

### 13.4.1 Pension obligations

The municipality and its employees contribute to four 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

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

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

### 13.4.2 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and recognised actuarial gains and losses, adjusted by past service costs where applicable. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and an appropriate discount rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

### 13.4.3 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service

Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for in surplus or deficit for the year.

Actuarial gains or losses are accounted for in full and are recognised in surplus or deficit for the year.

## 14. LEASES

### 14.1 THE 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 capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, plant, equipment or Intangible Assets. 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 recognised as an expense in surplus or deficit for the year on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **14.2 THE MUNICIPALITY AS LESSOR**

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

### **15. BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset are recognised as an expense in surplus or deficit for the year.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

### **16. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the payments basis.

### **17. CASH AND CASH EQUIVALENTS**

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and investments in financial instruments, net of bank overdrafts.

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

### **18. 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### **19. 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), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### **20. 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### **21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies due to adoption of newly effective Standards of GRAP have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy or where allowed transitional provisions had been adopted. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Refer to Note 36 for more details.

## **22. RELATED PARTIES**

Individuals, including councilors, as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## **23. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that have been classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

## **24. COMPARATIVE INFORMATION**

Where necessary comparative figures have been adjusted to conform to changes in the current year. The nature and reasons for material prior year period errors or restatements are disclosed.

## **25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements. The ultimate outcome of the matters disclosed as contingent liabilities cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.

## **26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

## **27. CAPITAL COMMITMENTS**

In terms of GRAP 17 and GRAP 102, contractual commitments are disclosed for all assets and intangible assets. Where contracts or letters of awards have been issued, this is classified as an approved and contracted commitment.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>1. HOUSING OPERATING ACCOUNT</b>		
Housing Operating Account	<b>8 728 156</b>	<b>8 728 156</b>
The Housing Operating Account is represented by the following assets and liabilities:		
Fixed Assets	3 335 927	3 374 706
Housing Inventory	334 132	334 132
Debtors	1 148 191	1 238 304
Debtors: Department of Housing	251 934	172 134
Accumulations	3 744 237	3 633 584
Prepaid debtors	(86 265)	(24 704)
<b>Total Housing Operating Account Assets and Liabilities</b>	<b>8 728 156</b>	<b>8 728 156</b>
<b>2. LONG-TERM LIABILITIES</b>		
Non Annuity Loans	157 090 205	88 029 268
	3 827 794	
Sub-total	160 917 999	92 783 439
Less: Current portion transferred to current liabilities	13 099 635	10 817 480
Non Annuity Loans	12 100 984	9 891 103
Annuity Loans	998 651	926 376
<b>Total External Loans</b>	<b>147 818 364</b>	<b>81 965 959</b>
Refer to Appendix A for more detail on long-term liabilities.		
<b>Non Annuity Loans - Bank Loans</b>		
Bear interest at 8.23% to 9,73% and is redeemed in bi-annual installments, including interest, over varying periods until 2032.		
<b>Annuity loans</b>		
Bear interest at rates between 12% and 16.5% per annum, are being redeemed in quarterly installments, including interest, over varying periods until 2017.		
All loans are unsecured		
<b>3. NON-CURRENT PROVISIONS</b>		
Provision for the eradication of alien vegetation	-	-
Provision for the rehabilitation of the landfill site	8 262 395	9 411 587
Sub-total	8 262 395	9 411 586
Less: Current portion transferred to current liabilities (refer to Note 6)	1 284 404	2 664 788
Provision for the eradication of alien vegetation	-	-
Provision for the rehabilitation of the landfill site	1 284 404	2 664 788
<b>Total Non-Current Provisions</b>	<b>6 977 991</b>	<b>6 746 798</b>

	2014	2013
	R	R
<b>3. NON-CURRENT PROVISIONS (continued)</b>		
<u>Landfill site rehabilitation</u>		
Balance at beginning of year	9 411 587	9 154 539
Contributions / (Reduction) to provision	(1 149 193)	257 048
Reduction due to remeasurement	-	-
Increase due to discounting	-	-
Expenditure incurred	-	-
<b>Balance at end of year</b>	<b>8 262 395</b>	<b>9 411 587</b>

The provision created for the rehabilitation of the landfill site is based on a professional study conducted by Ecological and Environmental Services of the rehabilitation costs of the Shakaville dump site.

The provision is calculated in line with the medium term revenue and expenditure framework of the Council. Council intends commencing spending against this provision in accordance with the 2013/2014 operating budget over a period of two (2) years.

The provision reflects a total of R8 890 414 expenditure discounted net of a rate of 9% pa (Prime interest rate) (2013:- 8,5%)

#### 4. EMPLOYEE BENEFITS

##### 4.1 Pension benefits

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned 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 municipality and is of no relevance to users of the municipality's financial statements.

##### Superannuation

The interim valuation carried out on the Superannuation Fund as at 31 March 2013 reflected:

The valuation reveals that the total fund is 97.9% funded as at the valuation date at the overall level. The pensioner liabilities are fully funded and the liabilities in respect of active members are 96.2% funded. It is recommended that local authorities continue to pay the current contribution rate of 21.63% of pensionable salaries. The deficit in the fund, as at 31 March 2012, in respect of active members, amounted to R270.0m (discounted cashflow method). This deficit has decreased since the last valuation date to R158.716 000. In terms of the scheme, a surcharge of 9.5% of pensionable salaries is payable for a period of 8 years with effect from 1 August 2012.

##### Provident Fund

##### **The interim valuation carried out on the Provident Fund as at 31 March 2013 reflected:**

The actuarial valuation of the fund was taken as R1 651b at the valuation date.

Total liabilities, Reserves and Accounts of the fund as at valuation date was R1 585b

The assets exceeded the liabilities and reserves. The fund is in a sound position as at the valuation date.

##### Retirement Fund

The latest statutory valuation of the Retirement Fund (defined benefit) as at 31 March 2013 reflected:

The fund is 93.1% funded as at the valuation date. The pensioner liabilities are fully funded and the liabilities in respect of active members are 86.0 % funded. The financial position has thus improved since the previous valuation. The fund self insures its risk benefits. The view of the consultant is that the Fund is not in a sound position as at the valuation date but the surcharge being paid is expected to restore the Fund to a sound financial condition permitted by the FSB.



**4. EMPLOYEE BENEFITS (continued)****SENSITIVITY ANALYSIS**

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results, will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results is the level of mortality and medical aid inflation.

**SENSITIVITY RESULTS****Mortality Rate:**

The liability at the Valuation date was recalculated to show the effect of: (1) A 20% increase and decrease in the assumed level of mortality

Table 1 summarises the results of the sensitivity analysis

	-20% MORTALITY RATE	VALUATION ASSUMPTION	+20% MORTALITY RATE
Total Accrued Liability	69 600 000	65 031 000	61 138 000
Interest Cost	6 278 000	5 862 000	5 508 000
Service Cost	3 148 000	2 988 000	2 856 000

**4.2 Post-employment medical benefits****Medical Aid Inflation:**

The liability at the Valuation date was recalculated to show the effect of: (1) A 1% increase and decrease in the medical aid inflation.

Table 2 summarises the results of the sensitivity analysis

	-1% MEDICAL AID INFLATION	VALUATION ASSUMPTION	+1% MEDICAL AID INFLATION
Total Accrued Liability	61 887 000	65 031 000	67 304 000
Interest Cost	5 575 000	5 862 000	6 069 000
Service Cost	2 849 000	2 988 000	3 076 000

**HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS**

The table summarises the accrued liabilities and the plan assets for the current period and the previous periods.

*History of liabilities and assets (R millions)*

LIABILITY HISTORY	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Present value of accrued liability	32.580	32.266	42.766	55.990	55.973	65.031
Fair value of plan assets	0.000	0.000	0.000	0.000	0.000	0.000
<b>Surplus/(Deficit)</b>	(32.580)	(32.266)	(42.766)	(55.990)	(59.973)	(65.031)

	2014	2013
	R	R

#### 4. EMPLOYEE BENEFITS (continued)

##### 4.3 Long service awards and retirement gifts

The independent valuers, ZAQ Consultants & Actuaries, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.96%	7.40%
General Salary Inflation (long term)	7.33%	6.82%
Retirement Gift Inflation (long term)	7.82%	7.82%
Net effective discount rate	0.59%	0.54%

Examples of mortality rates used were as follows:

Average retirement age	63 years	63 years
Mortality during employment	SA85-90	SA85-90 Ultimate

Members withdrawn from service:

	MALES	FEMALES
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 - 59	0%	0%
Age 60+	0%	0%

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

Present value of funded obligations  
Fair value of plan assets

##### Liability in the Statement of Financial Position

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	11 350 971	9 623 976
Current service cost	1 386 427	1 284 741
Interest cost	712 985	581 947
Actuarial (Gain)/losses	(176 959)	1 238 392
Benefit payments	(958 424)	(1 378 085)

##### Balance at end of year

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

Current service cost	1 386 427	1 284 741
Interest cost	712 985	581 947
Actuarial (Gain)/losses	(958 424)	1 238 392
Benefit payments	(176 959)	(1 378 085)

##### TOTAL

##### In conclusion:

Statement of Financial Position obligation for:

Post-employment medical benefits	65 031 000	59 972 510
Long Service Award	12 315 000	11 350 971
	<b>77 346 000</b>	<b>71 323 481</b>

Statement of Financial Performance obligation for:

Post-employment medical benefits	5 058 490	3 982 436
Long Service Award loss	964 029	1 726 995
	<b>6 022 519</b>	<b>5 709 431</b>

**4. EMPLOYEE BENEFITS (continued)****SENSITIVITY RESULTS****Withdrawal Rate:**

The liability at the Valuation date was recalculated to show the effect of: (i) A 20% increase and decrease in the assumed level of withdrawal rate;

Tables 1 summarises the results of the sensitivity analysis.

	-20% WITHDRAWAL RATE	VALUATION ASSUMPTION	+20% WITHDRAWAL RATE
Total Accrued Liability	R 13 070 000	R 12 315 000	R 11 649 000
Current Service Cost	R 1 381 000	R 1 241 000	R 1 125 000
Interest Cost	R 1 059 000	R 993 000	R 936 000

Note: Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

**Normal Salary Inflation:**

The liability at the Valuation date was recalculated to show the effect of: (i) A 1% increase and decrease in the normal salary cost inflation

Tables 2 summarises the results of the sensitivity analysis.

	-1% NORMAL SALARY INFLATION	VALUATION ASSUMPTION	+1% NORMAL SALARY INFLATION
Total Accrued Liability	R 11 445 000	R 12 315 000	R 13 287 000
Current Service Cost	R 1 127 000	R 1 241 000	R 1 372 000
Interest Cost	R 919 000	R 993 000	R 1 076 000

**HISTORY OF LIABILITIES, ASSETS AND EXPERIENCE ADJUSTMENTS**

The table summarises the accrued liabilities and the plan assets for the current period and the previous periods.

History of liabilities and assets (R millions)

LIABILITY HISTORY	30/06/2009	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Present value of accrued liability	5,985,987	6,267,597	7,821,611	9,623,976	11,350,971	12,315,000
Fair value of plan assets	0	0	0	0	0	0
<b>Surplus/(Deficit)</b>	(5,985,987)	(6,267,597)	(7,821,611)	(9,623,976)	(11,350,971)	(12,315,000)

	2014	2013
	R	R
<b>5. DEPOSITS</b>		
Electricity	24 237 783	22 750 448
Guarantees held in lieu of electricity deposits	2 863 846	2 648 846

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>6. CURRENT PROVISIONS</b>		
<b>CURRENT PORTION OF PROVISIONS</b>		
Eradication of alien vegetation - current portion	-	-
Rehabilitation of the landfill site - current portion	1 284 404	2 664 788
Total Current portion of provisions	1 284 404	2 664 788
<b>CURRENT PROVISION</b>		
Relocation of promenade - current provision	-	100 000
	<b>1 284 404</b>	<b>2 764 788</b>
<b>7. TRADE &amp; OTHER PAYABLES</b>		
Trade creditors	86 493 803	98 281 579
Payments received in advance	13 388 686	15 547 585
Deposits - other	2 394 752	1 646 749
Staff leave	10 006 021	9 361 992
Cheques payments not yet presented to bank	20 722 584	1 393 845
Retentions	14 850 011	5 468 513
Housing Agency Creditor - Department of Human Settlements	24 078 304	27 771 235
Other creditors	697 646	202 328
<b>Total Creditors</b>	<b>172 631 808</b>	<b>159 673 826</b>
Payments in advance includes prepaid electricity accruals.		
<b>8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Conditional Grants from other spheres of Government		
Municipal Infrastructure Grant	29 220 831	23 696 547
Financial Management Grant	-	258 946
Land Use Management Systems	-	107 000
Municipal Systems Improvement Grant	58 152	731 959
New Library	106 348	91 149
Property Rates Implementation	31 985	31 985
Department of Sports and Recreation	198 070	260 486
CDB Revitalization	-	64 101
Municipal Assistance Programme	822 903	822 902
iLembe: Shared Services	810 664	823 003
Neighbourhood Development Partnership	15 305 708	-
Thusong Centre	9 691	344 233
Multi Purpose Centre - MPCC	69 414	310 561
Ethembeni / Charlotdale Precent	263 242	480 000
Expanded Public Works Programme	129 454	603 938
Corridor Development	5 563 115	9 771 173
Department of Minerals and Energy (DME) (INEP)	186 728	-
Museum	378 973	465 577
Housing Accreditation	11 124 706	6 846 000
Disaster Rough Seas	3 196 350	4 400 258
Demand Side Management Grant	8 000 000	8 000 000
<b>Total Conditional Grants and Receipts</b>	<b>75 476 334</b>	<b>58 109 820</b>
See note 21 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.		
<b>9. VALUE ADDED TAXATION RECEIVABLE</b>	<b>5 005 275</b>	<b>4 409 855</b>

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

RECONCILIATION OF CARRYING VALUE	BUILDINGS	SOLID WASTE	VEHICLES	INFRASTRUCTURE ROADS	INFRASTRUCTURE STORM WATER	INFRASTRUCTURE ELECTRICAL
	R	R	R	R	R	R
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>						
<b>30 June 2014</b>						
<b>Carrying Values at 30 June 2013</b>	<b>74 973 898</b>	<b>2 322 103</b>	<b>17 577 591</b>	<b>171 563 199</b>	<b>90 495 374</b>	<b>258 692 697</b>
Cost	97 977 100	2 677 771	43 358 191	291 542 451	121 504 449	415 764 938
Accumulated depreciation	(23 003 202)	(355 668)	(25 780 600)	(119 979 252)	(31 009 075)	(157 072 240)
<b>Additions</b>						
Acquisitions	2 839 686		8 620 512	3 795 507		3 673 409
Capital under construction brought into use	5 943 287			34 284 372	11 875 812	44 700 437
Donations	488 599			560 099		3 750 632
Assets physically verified not on list		171 486	7 635			
Revaluation of PPE before transfer	-	-	-	-	-	-
Reclassification of AUC to expenditure						
<b>Assets written off</b>						
Cost	-	(85)	(43 929)	(23 283)	-	(230 840)
Accumulated Depreciation	-	(107)	(165 805)	(239 993)	-	(503 804)
	-	22	121 876	216 709	-	272 964
<b>Impairment</b>			(26 903)	(587 620)	(2 183 367)	(4 095 262)
<b>Depreciation</b>	(5 120 038)	(156 837)	(2 787 942)	(9 167 805)	(3 330 164)	(12 235 289)
<b>Property transferred to IP</b>						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
<b>Carrying Values at 30 June 2014</b>	<b>79 125 432</b>	<b>2 336 667</b>	<b>23 346 965</b>	<b>200 424 468</b>	<b>96 857 655</b>	<b>294 255 784</b>
Cost	107 248 671	2 849 150	51 820 534	329 942 437	133 380 261	467 385 612
Accumulated depreciation	(28 123 239)	(512 483)	(28 473 568)	(129 517 968)	(36 522 606)	(173 129 828)

	FURNITURE AND FITTINGS	CEMETRIES	OTHER ASSETS	DEVELOPED LAND	UNDEVELOPED LAND	HOUSING	LEASED ASSETS	UNDER CONSTRUCTION	TOTAL
	R					R	R	R	R
	<b>18 294 189</b>	<b>4 294 037</b>	<b>(0)</b>	<b>38 177 449</b>	<b>76 545 700</b>	<b>3 374 706</b>	<b>721 803</b>	<b>88 503 906</b>	<b>845 536 651</b>
	33 720 207	5 331 572	(0)	38 177 449	76 545 700	8 052 000	1 710 332	88 503 906	1 224 866 065
	(15 426 018)	(1 037 535)	0	-	-	(4 677 294)	(988 529)	-	(379 329 414)
									-
	4 720 165	236 372				195 118	(13 100)	230 637 776	254 705 444
								(96 803 908)	
	225 646								5 024 977
	35 642								214 764
	-	-	-	-	-	-	-	-	-
								(1 683 396)	(1 683 396)
	(275 572)	-	-	-	(23 000)	-	(837)	-	(597 546)
	(1 374 052)	-	-	-	(23 000)	-	(11 492)	-	(2 318 253)
	1 098 480	-	-	-	-	-	10 656	-	1 720 707
	(122 599)								(7 015 752)
	(6 327 442)	(247 796)				(233 897)	(453 847)		(40 061 055)
									-
									-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	<b>16 550 029</b>	<b>4 282 613</b>	<b>(0)</b>	<b>38 177 449</b>	<b>76 522 700</b>	<b>3 335 927</b>	<b>254 019</b>	<b>220 654 378</b>	<b>1 056 124 086</b>
	37 327 608	5 567 944	(0)	38 177 449	76 522 700	8 247 118	1 685 739	220 654 378	1 480 809 600
	(20 777 579)	(1 285 331)	0	-	-	(4 911 191)	(1 431 720)	-	(424 685 514)

RECONCILIATION OF CARRYING VALUE	BUILDINGS	SOLID WASTE	VEHICLES	INFRASTRUCTURE ROADS	INFRASTRUCTURE STORM WATER	INFRASTRUCTURE ELECTRICAL	
	R	R	R	R	R	R	
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>							
<b>Restated 2013</b>							
<b>Carrying Values at 30 June 2012</b>	<b>70 245 572</b>	<b>1 823 044</b>	<b>20 224 205</b>	<b>132 665 015</b>	<b>85 795 204</b>	<b>228 295 476</b>	
Cost	91 103 155	2 060 529	43 691 239	238 639 360	114 494 614	374 896 451	
Accumulated depreciation	(20 857 583)	(237 485)	(23 467 034)	(105 974 345)	(28 699 410)	(146 600 975)	
<b>Additions</b>							
Acquisitions	2 238 047	663 234	1 504 600	755 225		3 289 415	
Capital under construction brought into use	8 249 199			23 550 636	4 106 221	27 089 357	
Donations	500 000				2 903 614	14 995 438	
Assets physically verified not on list						3 997 383	
Revaluation of PPE before transfer	9 813 137						
<b>Assets written off</b>	(62 504)	(39 565)	(815 920)	-	-	(1 774 695)	
Cost	(193 256)	(45 992)	(1 837 648)	-	-	(3 309 076)	
Accumulated Depreciation	130 752	6 427	1 021 728	-	-	1 534 381	
<b>Impairment</b>				(4 050 983)		(1 635 414)	
<b>Depreciation</b>	(4 827 271)	(124 610)	(3 487 173)	(6 698 145)	(2 309 665)	(10 380 385)	
<b>Property transferred to IP</b>	(10 575 000)	-	-	-	-	-	
Cost	(10 730 452)						
Accumulated depreciation	155 452	-	-	-	-	-	
<b>Carrying Values at 30 June 2013</b>	<b>78 473 898</b>	<b>2 322 103</b>	<b>17 577 591</b>	<b>171 563 199</b>	<b>90 495 374</b>	<b>258 692 697</b>	
Cost	101 477 100	2 677 771	43 358 191	291 542 451	121 504 449	415 764 937	
Accumulated depreciation	(23 003 202)	(355 668)	(25 780 600)	(119 979 252)	(31 009 075)	(157 072 240)	

	FURNITURE AND FITTINGS	CEMETRIES	OTHER ASSETS	DEVELOPED LAND	UNDEVELOPED LAND	HOUSING	LEASED ASSETS	UNDER CONSTRUCTION	TOTAL
	R	R	R	R	R	R	R	R	R
	<b>15 370 225</b>	<b>4 361 372</b>	<b>2 519</b>	<b>31 599 842</b>	<b>76 345 700</b>	<b>3 521 316</b>	<b>972 845</b>	<b>74 947 231</b>	<b>746 169 565</b>
	32 418 518 (17 048 293)	5 160 477 (799 105)	11 795 (9 276)	31 599 842 -	76 345 700 -	8 052 000 (4 530 684)	1 565 334 (592 489)	74 947 231 -	1 094 986 244 (348 816 679)
	8 743 981	171 095		3 172 607	200 000		53 913	67 908 661	88 700 777
	17 948 29 923 129 323							(63 013 361)	- 18 428 975 4 126 706 9 813 137
	(1 692 593)	-	(2 035)	-	-	-	(26 173)	-	(4 413 485)
	(8 395 055)	-	(11 795)	-	-	-	(117 098)	-	(13 909 920)
	6 702 462	-	9 760	-	-	-	90 925	-	9 496 435
	(18 948)								(5 705 345)
	(5 181 215)	(238 430)	(484)			(146 610)	(434 684)		(33 828 672)
	-	-	-	(95 000)	-	-	-	-	(10 670 000)
	-	-	-	(95 000)	-	-	-	-	(10 825 452)
	-	-	-	-	-	-	-	-	155 452
	<b>18 294 189</b>	<b>4 294 037</b>	<b>(0)</b>	<b>34 677 449</b>	<b>76 545 700</b>	<b>3 374 706</b>	<b>721 803</b>	<b>88 503 906</b>	<b>845 536 651</b>
	33 720 207 (15 426 018)	5 331 572 (1 037 535)	(0) 0	34 677 449 -	76 545 700 -	8 052 000 (4 677 294)	1 710 332 (988 529)	88 503 906 -	1 224 866 065 (379 329 413)

		Total
	R	R
<b>11. INTANGIBLE ASSETS</b>		
<b>30 June 2014</b>		
<b>Carrying values as at 1 July 2013</b>	<b>13 352 682</b>	<b>13 352 682</b>
Cost	18 912 749	18 912 749
Accumulated Amortisation	(5 560 067)	(5 560 067)
Write-off of intangible assets	(254)	(254)
Cost	(40 369)	(40 369)
Accumulated Amortisation	40 116	40 116
Additions	335 666	335 666
Intangible assets not previously recognized	236 608	236 608
Refund on previously capitalised amounts	-	-
Amortisation	(2 375 177)	(2 375 177)
<b>Carrying value closing balance as at 30 June 2014</b>	<b>11 549 526</b>	<b>11 549 526</b>
Cost	19 444 654	19 444 654
Accumulated Amortisation	(7 895 128)	(7 895 128)
<b>Restated June 2013</b>		
<b>Carrying values as at 1 July 2012</b>	<b>20 990 454</b>	<b>20 990 454</b>
Cost	24 400 903	24 400 903
Accumulated Amortisation	(3 410 449)	(3 410 449)
Write-off of intangible assets	(44 896)	(44 896)
Cost	(378 317)	(378 317)
Accumulated Amortisation	333 421	333 421
Additions	10 570	10 570
Intangible assets not previously recognized	95 382	95 382
Refund on previously capitalised amounts	(5 215 789)	(5 215 789)
Amortisation	(2 483 039)	(2 483 039)
<b>Carrying value closing balance as at 30 June 2013</b>	<b>13 352 682</b>	<b>13 352 682</b>
Cost	18 912 749	18 912 749
Accumulated Amortisation	(5 560 067)	(5 560 067)
<b>Intangible Assets are made up as follows:</b>		
Intangible Assets / Software R638 243		
Right to access / Eskom (Driefontein) R10 911 283		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>12. INVESTMENT PROPERTIES</b>		
Carrying Value Opening Balance	69 785 000	57 630 000
Loss on valuation	-	-
Gain on valuation	10 445 000	1 945 000
Sale of properties	-	(460 000)
Transfer from Property, Plant and Equipment	-	10 670 000
<b>Carrying Values Closing Balance</b>	<b>80 230 000</b>	<b>69 785 000</b>
The fair value of these properties as valued by Council's valuer at 30 June 2014 amounts to	80 230 000	69 785 000
Rental income derived from these properties amount to	590 874	564 089

No amounts were expensed towards repairs and maintenance costs for investment properties.

Details of investment properties are included in a register which is available for inspection at the municipal offices.

**13. HERITAGE ASSETS****Carrying values as at 1 July 2013**

At Cost	18 346	18 346
Additions	-	-

**Carrying value closing balance as at 30 June 2014"**

At Cost	<b>18 346</b>	<b>18 346</b>
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**14. LONG-TERM RECEIVABLES**

Housing selling scheme loans	10 343 818	11 085 762
	10 343 818	11 085 762
Less: Allowance for impairment and future housing discounts	(9 350 372)	(10 079 396)
Allowance for impairment and future housing discounts	(9 350 372)	(10 079 396)
	993 446	1 006 366
Less: Current portion transferred to current receivables	(6 109)	(5 076)
Current portion	(6 109)	(5 076)
<b>Total Receivables</b>	<b>987 337</b>	<b>1 001 290</b>
Written - off during the year	717 669	367 652

**HOUSING SELLING SCHEME LOANS**

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing's programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>15. INVENTORIES</b>		
Consumable stores	65 140	319 077
Mechanical spares	40 454	14 464
Electrical maintenance spares	5 070 259	2 005 947
Fuel	251 355	209 270
Housing inventory	334 132	334 132
<b>Total Inventories</b>	<b>5 761 340</b>	<b>2 882 889</b>
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	67 356 204	61 933 753
Estate	64 155	80 220
Refuse	7 817 772	7 251 642
Consumer debtors for VAT	12 008 383	9 985 513
Legal Fees	4 099 268	2 097 390
Encroachment and plot clearing	14 990	20 264
Sundry Adjustments	80 823	97 543
Interest	4 383 510	3 059 475
Add back credits included above	536 166	281 111
Total service debtors	96 361 272	84 806 911
Less: Allowance for impairment	(27 196 751)	(27 196 751)
<b>Total</b>	<b>69 164 521</b>	<b>57 610 161</b>
<b>Electricity: Ageing</b>		
Current (0 – 30 days)	50 519 144	48 794 378
31 - 60 Days	2 579 958	2 353 585
61 - 90 Days	1 495 749	952 234
91 - 120 Days	965 403	1 136 774
Greater than 120 days	11 795 950	8 696 783
<b>Total</b>	<b>67 356 204</b>	<b>61 933 753</b>
<b>Estate: Ageing</b>		
Current (0 – 30 days)	2 102	2 510
31 - 60 Days	1 867	2 510
61 - 90 Days	1 746	2 401
91 - 120 Days	1 746	2 183
Greater than 120 days	56 694	70 616
<b>Total</b>	<b>64 155</b>	<b>80 220</b>

	2014	2013
	R	R
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)</b>		
<b><u>Refuse: Ageing</u></b>		
Current (0 – 30 days)	1 507 857	1 079 209
31 - 60 Days	494 812	477 826
61 - 90 Days	390 619	335 992
91 - 120 Days	318 765	304 268
Greater than 120 days	5 105 719	5 054 348
<b>Total</b>	<b>7 817 772</b>	<b>7 251 642</b>
<b><u>Consumer Debtors for VAT: Ageing</u></b>		
Current (0 – 30 days)	8 619 112	7 038 176
31 - 60 Days	431 501	378 381
61 - 90 Days	274 188	208 057
91 - 120 Days	179 920	212 323
Greater than 120 days	2 503 661	2 148 575
<b>Total</b>	<b>12 008 383</b>	<b>9 985 513</b>
<b><u>Legal Fees: Ageing</u></b>		
Current (0 – 30 days)	691 311	346 748
31 - 60 Days	36 006	83 946
61 - 90 Days	108 442	53 991
91 - 120 Days	193 332	423 124
Greater than 120 days	3 070 177	1 189 581
<b>Total</b>	<b>4 099 268</b>	<b>2 097 390</b>
<b><u>Encroachment and plot clearing: Ageing</u></b>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	1 630	-
91 - 120 Days	-	-
Greater than 120 days	13 360	20 264
<b>Total</b>	<b>14 990</b>	<b>20 264</b>
<b><u>Sundry Adjustments: Ageing</u></b>		
Current (0 – 30 days)	95 215	128 574
31 - 60 Days	(3 327)	(9 432)
61 - 90 Days	(2 424)	258
91 - 120 Days	(5 902)	(3 364)
Greater than 120 days	(2 739)	(18 492)
<b>Total</b>	<b>80 823</b>	<b>97 543</b>

	2014	2013
	R	R
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)</b>		
<b><u>Interest: Ageing</u></b>		
Current (0 – 30 days)	367 032	243 240
31 - 60 Days	265 336	197 884
61 - 90 Days	248 379	195 559
91 - 120 Days	217 582	176 562
Greater than 120 days	3 285 182	2 246 229
<b>Total</b>	<b>4 383 510</b>	<b>3 059 475</b>
<b><u>Add back credits included above: Ageing</u></b>		
Current (0 – 30 days)	5 472 324	4 961 242
31 - 60 Days	(884 570)	(593 437)
61 - 90 Days	(922 398)	(806 182)
91 - 120 Days	(404 631)	(510 097)
Greater than 120 days	(2 724 558)	(2 770 415)
<b>Total</b>	<b>536 166</b>	<b>281 111</b>
<b><u>Reconciliation of the Allowance for Impairment</u></b>		
Balance at beginning of the year	103 467 042	103 142 746
Receivables from exchange transactions	27 196 751	27 300 563
Long term receivables	10 079 396	10 250 075
Receivables from non-exchange transactions	66 190 895	65 592 108
(Release from) / Contribution to provision	16 090 377	324 296
Receivables from exchange transactions	-	(897 988)
Long term receivables	(639 127)	(170 679)
Receivables from non-exchange transactions	16 729 504	569 647
	16 090 377	(499 019)
Vat on trade receivables from exchange transactions	-	794 176
Vat on trade receivables from non-exchange transactions	-	29 140
Receivables from exchange transactions	27 196 751	27 196 751
Long term receivables	9 350 372	10 079 396
Receivables from non-exchange transactions	83 010 296	66 190 895
<b>Balance at end of year</b>	<b>119 557 419</b>	<b>103 467 042</b>
Bad debts written off - Exchange Transactions	4 003 163	2 506 835
Bad debts written off - Non - Exchange Transactions	78 206	-
Bad debts written off - Long Term Receivables	717 669	-
Bad debts written off - Other Debtors	1 804 595	-
<b>Total Bad debts written off</b>	<b>6 603 633</b>	<b>2 506 835</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Rates	75 755 310	79 503 793
Other debtors	37 222 387	13 367 646
Department of Housing - RDP projects (see note 22)	251 934	172 134
Operating leases	2 160 503	2 142 034
Ilembe debtors	66 284	185 960
	115 456 418	95 371 567
less: Allowance for impairment	(83 010 296)	(66 190 895)
<b>Total Other Debtors</b>	<b>32 446 122</b>	<b>29 180 671</b>
<b>Rates: Ageing</b>		
Current (0 – 30 days)	12 298 967	10 106 313
31 - 60 Days	5 021 086	4 287 535
61 - 90 Days	3 515 759	3 437 698
91 - 120 Days	2 906 066	3 042 756
Greater than 120 days	52 013 432	58 629 492
<b>Total</b>	<b>75 755 310</b>	<b>79 503 793</b>
<b>Other Debtors:</b>		
<b>Included in Other Debtors are:</b>		
Debtors in respect of Legal Fees outstanding	241 551	397 030
Unidentified direct deposits	(4 670 506)	(2 856 994)
Amounts to be claimed from Dept. Of Health - Clinic Expenses	1 000 655	880 466
BPB Sindi Construction & Khayelihle Projects - fruitless & wasteful expenditure	2 003 234	2 003 234
Contour prepaid vending debtor	1 787 168	-
Traffic Fines debtor raised in terms of iGRAP1	22 653 670	1 804 595
Licences & testing fees accrued	121 638	51 020
Ilembe water deposits	6 720	5 150
Sundry Debtors - R&G	11 689 538	8 897 110
Prepaid expenditure	2 388 720	2 114 923
Sale of ERF 4478 Stanger	-	66 300
Bank R/D Suspense	-	4 812
	<b>37 222 387</b>	<b>13 367 646</b>

BPB Sindi Construction & Khayelihle Projects - This Fruitless & Wasteful expenditure is disclosed as part of Receivables from Non-Exchange transactions and has been fully impaired subject to the outcomes of Section 32 of the MFMA.

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS</b>		
<b><u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u></b>		
<b>Investments Bank Account</b>		
<i>First National Bank Account - Stanger Branch</i>		
<i>Account Number 62099517743: Money Market Account</i>		
Bank statement and cash book balance at the beginning of the year	25 296 787	49 160 065
Bank statement and cash book balance at the end of the year	<b>14 398 668</b>	<b>25 296 787</b>
<b>Investments Bank Account</b>		
<i>Standard Bank Account - Stanger Branch</i>		
<i>Account Number 05 8756442-044: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	18 648 561	17 666 009
Bank statement and cash book balance at the end of the year	<b>19 555 042</b>	<b>18 648 561</b>
<b>Investments Bank Account</b>		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-150: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	13 807 357	13 136 340
Bank statement and cash book balance at the end of the year	<b>14 316 551</b>	<b>13 807 357</b>
<b>Investments Bank Account</b>		
<i>Standard Bank Account - Stanger Branch</i>		
<i>Account Number 058756442-043: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	9 553 108	9 049 776
Bank statement and cash book balance at the end of the year	<b>10 017 472</b>	<b>9 553 108</b>
<b>Investments Bank Account</b>		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-148: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 502 210	6 184 252
Bank statement and cash book balance at the end of the year	<b>6 717 585</b>	<b>6 502 210</b>
<b>Investments Bank Account</b>		
<i>ABSA Bank Account - Stanger Branch</i>		
<i>Account Number 2068872069: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 558 789	6 202 035
Bank statement and cash book balance at the end of the year	<b>6 826 799</b>	<b>6 558 789</b>
<b>Investments Bank Account</b>		
<i>ABSA Bank Account - Stanger Branch</i>		
<i>Account Number 2068912186: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 536 290	6 180 759
Bank statement and cash book balance at the end of the year	<b>6 803 380</b>	<b>6 536 290</b>
<b>Investments Bank Account</b>		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 03 7881022337-146: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	6 522 734	6 203 071
Bank statement and cash book balance at the end of the year	<b>6 738 788</b>	<b>6 522 734</b>

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Investments Bank Account</b>		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 3133717-9975: Call Account</i>		
Bank statement and cash book balance at the beginning of the year	5 944 124	5 708 237
Bank statement and cash book balance at the end of the year	<b>6 225 823</b>	<b>5 944 124</b>
<b>Investments Bank Account</b>		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 2070596495</i>		
Bank statement and cash book balance at the beginning of the year	11 736 227	11 097 854
Bank statement and cash book balance at the end of the year	<b>12 215 800</b>	<b>11 736 227</b>
<b>Investments Bank Account</b>		
<i>Nedbank Bank Account - Stanger Branch</i>		
<i>Account Number 313 371 739 9974</i>		
Bank statement and cash book balance at the beginning of the year	12 083 232	11 064 562
Bank statement and cash book balance at the end of the year	<b>12 698 996</b>	<b>12 083 232</b>
<b>Investments Bank Account</b>		
<i>ABSA Bank Account - Stanger Branch</i>		
<i>Account Number 2070924953</i>		
Bank statement and cash book balance at the beginning of the year	11 521 454	10 894 763
Bank statement and cash book balance at the end of the year	<b>11 992 251</b>	<b>11 521 454</b>
<b>Investments Bank Account</b>		
<i>Standard Bank Bank Account - Stanger Branch</i>		
<i>Account Number 05 875 6642 041</i>		
Bank statement and cash book balance at the beginning of the year	5 761 570	5 458 005
Bank statement and cash book balance at the end of the year	<b>6 041 632</b>	<b>5 761 570</b>
<b>Investments Bank Account</b>		
<i>Standard Bank Bank Account - Stanger Branch</i>		
<i>Account Number 05 875 6642 040</i>		
Bank statement and cash book balance at the beginning of the year	5 761 570	5 458 006
Bank statement and cash book balance at the end of the year	<b>6 041 632</b>	<b>5 761 570</b>
<b>Investments Bank Account</b>		
<i>First National Bank Account - Stanger Branch</i>		
<i>Account Number 62288308672</i>		
Bank statement and cash book balance at the beginning of the year	520 127	520 127
Bank statement and cash book balance at the end of the year	<b>520 083</b>	<b>520 127</b>
<b>Investments Bank Account</b>		
<i>First National Bank Account - Stanger Branch</i>		
<i>Account Number 62288306147</i>		
Bank statement and cash book balance at the beginning of the year	260 023	260 023
Bank statement and cash book balance at the end of the year	<b>260 001</b>	<b>260 023</b>

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 74385497604</i>		
Bank statement and cash book balance at the beginning of the year	29 369 175	27 907 134
Bank statement and cash book balance at the end of the year	-	<b>29 369 175</b>
<b>Investments Bank Account</b> <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 05 5756442-042</i>		
Bank statement and cash book balance at the beginning of the year	16 607 583	15 732 566
Bank statement and cash book balance at the end of the year	<b>17 414 855</b>	<b>16 607 583</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 74386376948</i>		
Bank statement and cash book balance at the beginning of the year	17 368 637	16 512 478
Bank statement and cash book balance at the end of the year	-	<b>17 368 637</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289159660</i>		
Bank statement and cash book balance at the beginning of the year	2 753 602	2 660 883
Bank statement and cash book balance at the end of the year	<b>2 852 716</b>	<b>2 753 602</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289162259</i>		
Bank statement and cash book balance at the beginning of the year	4 185 510	4 044 605
Bank statement and cash book balance at the end of the year	<b>4 336 182</b>	<b>4 185 510</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288308135</i>		
Bank statement and cash book balance at the beginning of the year	214 997	214 997
Bank statement and cash book balance at the end of the year	<b>214 964</b>	<b>214 997</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62289163215</i>		
Bank statement and cash book balance at the beginning of the year	605 689	585 314
Bank statement and cash book balance at the end of the year	<b>627 453</b>	<b>605 689</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288305230</i>		
Bank statement and cash book balance at the beginning of the year	620 159	620 159
Bank statement and cash book balance at the end of the year	<b>620 126</b>	<b>620 159</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62288306618</i>		
Bank statement and cash book balance at the beginning of the year	186 994	186 994
Bank statement and cash book balance at the end of the year	<b>186 961</b>	<b>186 994</b>

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Investments Bank Account</b> <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 058756442-036</i>		
Bank statement and cash book balance at the beginning of the year	5 328 820	5 116 793
Bank statement and cash book balance at the end of the year	<b>5 570 224</b>	<b>5 328 820</b>
<b>Investments Bank Account</b> <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 38495111999-5</i>		
Bank statement and cash book balance at the beginning of the year	5 387 937	5 109 820
Bank statement and cash book balance at the end of the year	<b>5 537 733</b>	<b>5 387 937</b>
<b>Investments Bank Account</b> <i>Standard Bank Account - Stanger Branch</i> <i>Account Number 058756442039</i>		
Bank statement and cash book balance at the beginning of the year	10 725 639	10 157 163
Bank statement and cash book balance at the end of the year	<b>11 159 930</b>	<b>10 725 639</b>
<b>Investments Bank Account</b> <i>Nedbank Bank Account - Stanger Branch</i> <i>Account Number 374035339994</i>		
Bank statement and cash book balance at the beginning of the year	10 804 631	10 181 990
Bank statement and cash book balance at the end of the year	<b>11 301 414</b>	<b>10 804 631</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 62363519251</i>		
Bank statement and cash book balance at the beginning of the year	12 394 732	11 976 639
Bank statement and cash book balance at the end of the year	<b>12 843 182</b>	<b>12 394 732</b>
<b>Investments Bank Account</b> <i>Nedbank Account - Stanger Branch</i> <i>Account Number 9996-19832841: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	82 390	78 687
Bank statement and cash book balance at the end of the year	<b>86 227</b>	<b>82 390</b>
<b>Investments Bank Account</b> <i>Nedbank Account - Stanger Branch</i> <i>Account Number 9997-19832841: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	143 598	137 191
Bank statement and cash book balance at the end of the year	<b>150 067</b>	<b>143 598</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 71039219855: Short Term Investment Account</i>		
Bank statement and cash book balance at the beginning of the year	54 653	54 529
Bank statement and cash book balance at the end of the year	<b>57 566</b>	<b>54 653</b>
<b>Investments Bank Account</b> <i>First National Bank Account - Stanger Branch</i> <i>Account Number 71186421337: Fixed Deposit</i>		
Bank statement and cash book balance at the beginning of the year	14 805 089	13 980 484
Bank statement and cash book balance at the end of the year	<b>15 641 105</b>	<b>14 805 089</b>

This investment has been ring-fenced to provide for funds which will be used to reimburse developers in terms of existing service level agreements.

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Investments Bank Account</b> <i>Nedbank Account - Stanger Branch</i> <i>Account Number 31337173 - 9973: Fixed Deposit</i>		
Bank statement and cash book balance at the beginning of the year	11 650 828	11 473 020
Bank statement and cash book balance at the end of the year	<b>12 140 537</b>	<b>11 650 828</b>
This investment has been ring-fenced to provide for funds which will be used to reimburse developers in terms of existing service level agreements.		
<b>Investments Bank Account</b> <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2072795649</i>		
Bank statement and cash book balance at the beginning of the year	10 382 634	-
Bank statement and cash book balance at the end of the year	<b>10 838 927</b>	<b>10 382 634</b>
<b>Investments Bank Account</b> <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2073097787</i>		
Bank statement and cash book balance at the beginning of the year	10 223 299	-
Bank statement and cash book balance at the end of the year	<b>10 564 449</b>	<b>10 223 299</b>
<b>Investments Bank Account</b> <i>ABSA Bank Account - Stanger Branch</i> <i>Account Number 2073166734</i>		
Bank statement and cash book balance at the beginning of the year	10 179 425	-
Bank statement and cash book balance at the end of the year	<b>10 555 000</b>	<b>10 179 425</b>
<b>Investments Bank Account</b> <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666451</i>		
Bank statement and cash book balance at the beginning of the year	10 501 030	-
Bank statement and cash book balance at the end of the year	<b>10 977 741</b>	<b>10 501 030</b>
<b>Investments Bank Account</b> <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666452</i>		
Bank statement and cash book balance at the beginning of the year	20 781 293	-
Bank statement and cash book balance at the end of the year	<b>21 701 769</b>	<b>20 781 293</b>
<b>Investments Bank Account</b> <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666453</i>		
Bank statement and cash book balance at the beginning of the year	10 218 614	-
Bank statement and cash book balance at the end of the year	<b>10 556 471</b>	<b>10 218 614</b>
<b>Investments Bank Account</b> <i>Investec Bank Account - Durban Branch</i> <i>Account Number 1100482666454</i>		
Bank statement and cash book balance at the beginning of the year	10 171 493	-
Bank statement and cash book balance at the end of the year	<b>10 558 961</b>	<b>10 171 493</b>
<b>Investments Bank Account</b> <i>Nedbank Account - Stanger Branch</i> <i>Account Number 412995079996</i>		
Bank statement and cash book balance at the beginning of the year	10 199 890	-
Bank statement and cash book balance at the end of the year	<b>10 587 549</b>	<b>10 199 890</b>

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Investments Bank Account</b> <i>Standard Bank Account - Stanger Branch Account Number 058756442037</i>		
Bank statement and cash book balance at the beginning of the year	10 168 438	-
Bank statement and cash book balance at the end of the year	<b>10 546 986</b>	<b>10 168 438</b>
<b>Investments Bank Account</b> <i>Absa Bank Account - Durban Branch Account Number 2074191310</i>		
Bank statement and cash book balance at the beginning of the year	-	-
Bank statement and cash book balance at the end of the year	<b>10 199 987</b>	-
<b>Primary Bank Account</b> <i>First National Bank Account - Stanger Branch Account Number 53730256310: Cheque Account First National Bank Account - Ballito Branch Account Number 53730076916: Cheque Account</i>		
Cash book balance at the beginning of the year	26 912 615	24 307 466
Cash book balance at the end of the year	<b>56 507 569</b>	<b>26 912 615</b>
Bank statement balance at the beginning of the year	26 912 615	24 307 466
Bank statement balance at the end of the year	<b>56 507 569</b>	<b>26 912 615</b>
<b>Housing Bank Account</b> <i>First National Bank Account - Stanger Branch Account Number 62020550077: Cheque Account</i>		
Cash book balance at the beginning of the year	2 068 047	1 852 052
Cash book balance at the end of the year	<b>2 055 338</b>	<b>2 068 047</b>
Bank statement balance at the beginning of the year	2 068 047	1 852 052
Bank statement balance at the end of the year	<b>2 055 338</b>	<b>2 068 047</b>
<b>Housing Bank Account</b> <i>First National Bank Account - Stanger Branch Account Number 62015681225: Cheque Account</i>		
Cash book balance at the beginning of the year	23 542 599	24 686 256
Cash book balance at the end of the year	<b>19 810 085</b>	<b>23 542 599</b>
Bank statement balance at the beginning of the year	23 542 599	24 934 456
Bank statement balance at the end of the year	<b>19 810 085</b>	<b>23 542 599</b>
<b>Housing Bank Account</b> <i>First National Bank Account - Stanger Branch Account Number 62031878624: Cheque Account</i>		
Cash book balance at the beginning of the year	59 223	58 682
Cash book balance at the end of the year	<b>60 157</b>	<b>59 223</b>
Bank statement balance at the beginning of the year	59 223	58 682
Bank statement balance at the end of the year	<b>60 157</b>	<b>59 223</b>
<b>Housing Bank Account</b> <i>First National Bank Account - Stanger Branch Account Number 62031876800: Cheque Account</i>		
Cash book balance at the beginning of the year	19 761	12 833
Cash book balance at the end of the year	<b>27 522</b>	<b>19 761</b>
Bank statement balance at the beginning of the year	19 761	12 833
Bank statement balance at the end of the year	<b>27 522</b>	<b>19 761</b>

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Housing Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62059290454: Cheque Account</i>		
Cash book balance at the beginning of the year	60 872	38 974
Cash book balance at the end of the year	<b>85 099</b>	<b>60 872</b>
Bank statement balance at the beginning of the year	60 872	38 974
Bank statement balance at the end of the year	<b>85 099</b>	<b>60 872</b>
<b>Housing Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62059290561: Cheque Account</i>		
Cash book balance at the beginning of the year	16 781	10 757
Cash book balance at the end of the year	<b>23 443</b>	<b>16 781</b>
Bank statement balance at the beginning of the year	16 781	10 757
Bank statement balance at the end of the year	<b>23 443</b>	<b>16 781</b>
<b>Electricity Main Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62080947941: Cheque Account</i>		
Cash book balance at the beginning of the year	21 736	14 184
Cash book balance at the end of the year	<b>30 348</b>	<b>21 736</b>
Bank statement balance at the beginning of the year	21 736	14 184
Bank statement balance at the end of the year	<b>30 348</b>	<b>21 736</b>
<b>Electricity Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62080949301: Cheque Account</i>		
Cash book balance at the beginning of the year	48 117	30 912
Cash book balance at the end of the year	<b>67 219</b>	<b>48 117</b>
Bank statement balance at the beginning of the year	48 117	30 912
Bank statement balance at the end of the year	<b>67 219</b>	<b>48 117</b>
<b>Gijima Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62115726525: Cheque Account</i>		
Cash book balance at the beginning of the year	-	697
Cash book balance at the end of the year	-	-
Bank statement balance at the beginning of the year	-	697
Bank statement balance at the end of the year	-	-

	2014	2013
	R	R
<b>18. CASH AND CASH EQUIVALENTS (continued)</b>		
<b>Grants Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62049936323: Cheque Account</i>		
Cash book balance at the beginning of the year	3 673 333	5 190 449
Cash book balance at the end of the year	<b>6 284 405</b>	<b>3 673 333</b>
Bank statement balance at the beginning of the year	3 673 333	5 190 449
Bank statement balance at the end of the year	<b>6 284 405</b>	<b>3 673 333</b>
<b>Fines Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62079758268: Cheque Account</i>		
Cash book balance at the beginning of the year	627 969	404 343
Cash book balance at the end of the year	<b>756 471</b>	<b>627 969</b>
Bank statement balance at the beginning of the year	627 969	404 343
Bank statement balance at the end of the year	<b>756 471</b>	<b>627 969</b>
<b>Grants Bank Account (2)</b>		
<i>First National Bank Account - Stanger Branch Account Number 74303898107: Cheque Account</i>		
Cash book balance at the beginning of the year	70 995 456	44 181 130
Cash book balance at the end of the year	<b>84 145 708</b>	<b>70 995 456</b>
Bank statement balance at the beginning of the year	70 995 456	44 181 130
Bank statement balance at the end of the year	<b>84 145 708</b>	<b>70 995 456</b>
<b>Housing Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62416012649: Cheque Account</i>		
Cash book balance at the beginning of the year	6 846 853	-
Cash book balance at the end of the year	<b>11 775 369</b>	<b>6 846 853</b>
Bank statement balance at the beginning of the year	6 846 853	-
Bank statement balance at the end of the year	<b>11 775 369</b>	<b>6 846 853</b>
<b>Dolphin Coast TLC Bank Account</b>		
<i>First National Bank Account - Stanger Branch Account Number 62416012649: Cheque Account</i>		
Cash book balance at the beginning of the year	-	305 069
Cash book balance at the end of the year	-	-
Bank statement balance at the beginning of the year	-	305 069
Bank statement balance at the end of the year	-	-
Petty cash and cash on hand	<b>1 542 380</b>	<b>922 905</b>
<b>TOTAL CASH AND CASH EQUIVALENTS:</b>	<b>542 370 693</b>	<b>528 947 208</b>
<b>Total interest earned on Investments</b>	<b>21 700 289</b>	<b>21 098 672</b>

	2014	2013
	R	R
<b>19. PROPERTY RATES</b>		
<b>Actual</b>		
Residential	148 758 974	136 796 669
Commercial	55 653 862	51 116 313
Residential for commercial purposes	672 543	613 960
Education and State	3 349 466	3 159 802
Agriculture	2 252 429	1 951 062
Vacant	45 639 417	41 585 485
PSI	1 649 715	2 255 857
<b>Total Assessment Rates</b>	<b>257 976 406</b>	<b>237 479 149</b>
<b>Property Valuations</b>		
Residential	30 292 424 200	29 425 775 200
Commercial	3 802 954 000	3 691 735 000
Residential for commercial purposes	107 435 000	103 885 000
Education and State	379 328 000	379 328 000
Municipal	338 476 000	332 077 000
Agriculture	3 172 434 708	3 277 398 708
Vacant	2 889 610 400	2 796 352 400
Informal settlements	4 309 000	4 309 000
Land reform	567 395 000	515 151 000
Monuments	1 733 000	1 733 000
PSI	3 405 448 000	5 114 299 000
Worship / PBOS	165 359 000	164 723 000
<b>Total Property Valuations</b>	<b>45 126 906 308</b>	<b>45 806 766 308</b>
The last general valuation came into effect on:	02/07/2010	02/07/2010
Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2007		
Supplementary valuations are prepared on a biannual basis taking into account consolidations and subdivisions as well as property category changes		
Assessment rates: Cents in the rand on market valuation as follows:		
Residential, informal settlements, land reform, monuments	0,57000	0,53800
Residential for commercial purposes	0,62600	0,59100
Agricultural	0,14200	0,13400
Industrial, business and commercial, vacant, public infrastructure, Municipal owned and worship	1,76600	1,66600
State owned	0,83300	0,83300
Guest houses	1,59000	1,50000
Public service infrastructure	0,14200	0,13400
The first R100 000 of the valuation of residential properties are exempt from the calculation of rates.		
The first 30% of the valuation of Public Service infrastructure properties are exempt from the calculation of rates		

	2014	2013
	R	R
<b>19. PROPERTY RATES (continued)</b>		
Rebates:		
Improved special residential property	0%	0%
State property owners	0%	0%
Agricultural property & PSI	0%	0%
Residential used for commercial purposes	0%	0%
Industrial, business and commercial, and vacant	0%	0%
Land reform, worship, state land, PBO's, monuments, informal settlements and municipal owned property	100%	100%
Additional rebates applicable:		
Excluded services	15%	15%
All Pensioners		
Pensioners under 65 years	25%	25%
Pensioners between 65 & 75 years	30%	30%
Pensioners older than 75 years	35%	35%
Ballito Business Park Phase 3	0,00%	0,00%
Industrial incentives including:		
In first & second year thereafter phased out by 10% per annum	100%	100%
Residential Developers incentive		
In first & second year thereafter phased out by 10% per annum	100%	100%
Bonafide Agricultural properties	50%	50%
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004) for the 2012/2013 financial year:		
On an annual basis, by application, and the final date of payment being:	30 Sept 2013	28 Sept 2012
On a monthly basis, and the final dates of payment being the last working day of the month from August 2012 to June 2013		
Interest is levied on outstanding rates per annum at:	15.5%	15.5%
Plus collection charges two months after the final date of payment in respect of annual rate payers and 1 July in respect of monthly rate payers:	10%	10%
<b>20. SERVICE CHARGES</b>		
Sale of electricity	526 849 070	467 667 587
Refuse removal	47 634 339	42 644 732
<b>Total Service Charges</b>	<b>574 483 409</b>	<b>510 312 319</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

	2014	2013
	R	R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES</b>		
CONTINUED OPERATIONS		
Equitable Share	77 550 000	72 649 478
Municipal Infrastructure Grant	36 316 717	32 276 601
Financial Management Grant	1 808 946	2 043 585
Land Use Management Systems	107 000	-
Department of Minerals and Energy	4 813 272	-
Municipal Systems Improvement Grant	1 563 806	861 808
New Library Grant	224 801	117 883
Department of Sports and Recreation	62 417	39 514
CBD Revitalization	64 101	132 526
Library Subsidy	2 690 000	1 281 000
Municipal Assistance Programme	-	1 382 456
Museum	370 604	668 423
Disaster Rough Seas	1 203 908	-
Ilembe Shared Services Grant	12 339	309 772
Neighbourhood Development Partnership Grant	7 694 292	2 907 000
Thusong Centre Grant	334 542	142 455
Multi Purpose Centre Grant	241 148	206 512
Ethembeni / Charlotdale Present	216 758	20 000
Expanded Public Works Programme	1 474 484	396 062
Corridor Development	4 208 058	1 228 827
Housing Accreditation	694 094	-
Demand Side Management Grant	-	-
<b>TOTAL: CONTINUED SERVICES</b>	<b>141 651 286</b>	<b>116 663 902</b>
DISCONTINUED OPERATIONS		
Provincial Health Subsidies	-	-
<b>Total Government Grant and Subsidies</b>	<b>141 651 286</b>	<b>116 663 902</b>
Finance Management Grant (FMG) & Expanded Public Works Programme (EPWP) were withheld		
<b>21.1 Equitable Share</b>		
Balance unspent at beginning of year	-	-
Current year receipts	77 550 000	72 649 478
Conditions met – transferred to revenue	(77 550 000)	(72 649 478)
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>21.2 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	23 696 547	20 824 147
Current year receipts	41 841 000	35 149 000
Conditions met - transferred to revenue	(36 316 716)	(32 276 600)
<b>Conditions still to be met-transferred to liabilities (see note 8)</b>	<b>29 220 831</b>	<b>23 696 547</b>

This grant was used for road infrastructure as part of upgrading of informal settlements.

	2014	2013
	R	R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>21.3 Financial Management Grant</b>		
Balance unspent at beginning of year	258 946	802 531
Current year receipts	1 550 000	1 500 000
Conditions met - transferred to revenue	(1 396 946)	(2 043 585)
Withheld by National Treasury	(412 000)	
Conditions still to be met-transferred to liabilities (see note 8)	-	<b>258 946</b>
This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. R412 000,00 was withheld by National Treasury.		
<b>21.4 Land Use Management Systems Grant</b>		
Balance unspent at beginning of year	107 000	107 000
Current year receipts	-	-
Conditions met - transferred to revenue	(107 000)	-
Conditions still to be met-transferred to liabilities (see note 8)	-	<b>107 000</b>
Spatial development framework and land use management systems. No funds were withheld.		
<b>21.5 Department of Minerals and Energy Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	5 000 000	-
Conditions met - transferred to revenue	(4 813 272)	-
Conditions still to be met-transferred to liabilities (see note 8)	<b>186 728</b>	-
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
<b>21.6 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	731 959	793 768
Current year receipts	890 000	800 000
Conditions met - transferred to revenue	(1 563 806)	(861 808)
Conditions still to be met-transferred to liabilities (see note 8)	<b>58 153</b>	<b>731 959</b>
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
<b>21.7 New Library Grant</b>		
Balance unspent at beginning of year	91 149	18 232
Current year receipts	240 000	190 800
Conditions met - transferred to revenue	(224 801)	(117 883)
Conditions still to be met-transferred to liabilities (see note 8)	<b>106 348</b>	<b>91 149</b>
This grant was in construction of new KwaDukuza library. No funds were withheld."		

	2014	2013
	R	R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>21.8 Provincial Health Subsidies</b>		
Balance to be refunded at beginning of year	-	(1 205 000)
Current year receipts	-	1 205 000
Expenditure claimed in accordance with grant conditions	-	-
Grant claim outstanding - transferred to non-exchange receivables (see note 17)	-	-
The grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There are no delays or withholding of the subsidy.		
<b>21.9 Property Rates Implementation</b>		
Balance unspent at beginning of year	31 985	31 985
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 8)	<b>31 985</b>	<b>31 985</b>
This grant is for the communication of the Municipal Property Rates Act to the public. No funds were withheld.		
<b>21.10 Department of Sports and Recreation</b>		
Balance unspent at beginning of year	260 486	150 000
Current year receipts	-	150 000
Conditions met - transferred to revenue	(62 417)	(39 514)
Conditions still to be met-transferred to liabilities (see note 8)	<b>198 070</b>	<b>260 486</b>
This grant is for the upgrading of the sports facilities: Chief Albert Luthuli Sports Field.		
<b>21.11 CBD Revitalization</b>		
Balance unspent at beginning of year	64 101	196 627
Current year receipts	-	-
Conditions met - transferred to revenue	(64 101)	(132 526)
Conditions still to be met-transferred to liabilities (see note 8)	-	<b>64 101</b>
This grant is for the revitalization of the urban design framework for KwaDukuza central business district (CBD) to increase growth opportunities and investor confidence.		
<b>21.12 Municipal Assistance Programme</b>		
Balance unspent at beginning of year	822 902	2 205 358
Current year receipts	-	-
Conditions met - transferred to revenue	-	(1 382 456)
Conditions still to be met-transferred to liabilities (see note 8)	<b>822 902</b>	<b>822 902</b>
This grant is for credit control and GRAP implementation.		
<b>21.13 Museum</b>		
Balance unspent at beginning of year	465 577	-
Current year receipts	284 000	1 134 000
Conditions met - transferred to revenue	(370 604)	(668 423)
Conditions still to be met-transferred to liabilities (see note 8)	<b>378 973</b>	<b>465 577</b>
This grant is for the Museum expenditure incurred.		

	2014	2013
	R	R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>21.14 Department of Housing: RDP Housing</b>		
Balance to be refunded at beginning of year	(172 134)	(39 925)
Current year receipts	(79 800)	(132 209)
Expenditure claimed in accordance with grant conditions		-
Grant claim outstanding - transferred to non-exchange receivables (see note 17)	<b>(251 934)</b>	<b>(172 134)</b>
Amount due by Department of Housing in respect of bridge financing of RDP project in terms of the HAC meeting 08/2005 approved by the MEC.		
<b>21.15 Disaster Rough Seas</b>		
Balance to be refunded at beginning of year	4 400 258	(395 814)
Current year receipts	-	4 796 072
Expenditure claimed in accordance with grant conditions	(1 203 908)	-
	<b>3 196 350</b>	<b>4 400 258</b>
This grant is from Department of Provincial Local Government for the clean up operations on the beaches.		
<b>21.16 iLembe Shared Services</b>		
Balance unspent at beginning of year	823 004	818 927
Current year receipts	-	313 849
Conditions met - transferred to revenue	(12 339)	(309 772)
Conditions still to be met-transferred to liabilities (see note 8)	<b>810 665</b>	<b>823 004</b>
This grant is for the hiring of a town planner for the KwaDukuza area.		
<b>21.17 Neighbourhood Development Partnership</b>		
Balance unspent at beginning of year	-	1 054 478
Current year receipts	23 000 000	2 907 000
Conditions met - transferred to revenue	(7 694 292)	(2 907 000)
Amounts withheld by National Treasury		(1 054 478)
Conditions still to be met-transferred to liabilities (see note 8)	<b>15 305 708</b>	<b>-</b>
This grant is for Infrastructure Development		
<b>21.18 Thusong Centre</b>		
Balance unspent at beginning of year	344 233	486 688
Current year receipts	-	
Conditions met - transferred to revenue	(334 542)	(142 455)
Conditions still to be met-transferred to liabilities (see note 8)	<b>9 692</b>	<b>344 233</b>
This grant is for community upliftment		
<b>21.19 Multi Purpose Centre (MPCC)</b>		
Balance unspent at beginning of year	310 561	517 073
Current year receipts	-	-
Conditions met - transferred to revenue	(241 148)	(206 512)
Conditions still to be met-transferred to liabilities (see note 8)	<b>69 414</b>	<b>310 561</b>
This grant is for community upliftment		

	2014	2013
	R	R
<b>21. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>21.20 Ethembeni / Charlotdale Precent</b>		
Balance unspent at beginning of year	480 000	500 000
Current year receipts	-	-
Conditions met - transferred to revenue	(216 758)	(20 000)
Conditions still to be met-transferred to liabilities (see note 8)	<b>263 242</b>	<b>480 000</b>
This grant is for community upliftment		
<b>21.21 Expanded Public Works Programme</b>		
Balance unspent at beginning of year	603 938	-
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(870 484)	(396 062)
Amount withheld by National Treasury	(604 000)	
Conditions still to be met-transferred to liabilities (see note 8)	<b>129 454</b>	<b>603 938</b>
This grant is for community upliftment. R604 000,00 was withheld by National Treasury.		
<b>21.22 Corridor Development</b>		
Balance unspent at beginning of year	9 771 173	-
Current year receipts	-	11 000 000
Conditions met - transferred to revenue	(4 208 058)	(1 228 827)
Conditions still to be met-transferred to liabilities (see note 8)	<b>5 563 115</b>	<b>9 771 173</b>
This grant is for community upliftment		
<b>21.23 Housing Accreditation Grant</b>		
Balance unspent at beginning of year	6 846 000	-
Current year receipts	4 972 800	6 846 000
Conditions met - transferred to revenue	(694 094)	-
Conditions still to be met-transferred to liabilities (see note 8)	<b>11 124 706</b>	<b>6 846 000</b>
This grant is for community upliftment		
<b>21.24 Demand Side Management Grant</b>		
Balance unspent at beginning of year	8 000 000	-
Current year receipts	-	8 000 000
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 8)	<b>8 000 000</b>	<b>8 000 000</b>
This grant is for community upliftment		
<b>21.25 Library Subsidy</b>		
Balance unspent at beginning of year	-	-
Current year receipts	2 690 000	1 281 000
Conditions met - transferred to revenue	(2 690 000)	(1 281 000)
Conditions still to be met-transferred to liabilities (see note 8)	<b>-</b>	<b>-</b>
This grant is for community upliftment		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>22. EMPLOYEE RELATED COSTS</b>		
CONTINUED OPERATIONS		
Employee related costs - Salaries and Wages	129 131 891	113 691 904
Contributions to UIF, medical, pension benefits, WC and levies	41 282 559	40 216 972
Travel, motor car, accommodation, subsistence and other allowances	10 012 926	9 351 155
Housing benefits and allowances	528 854	562 395
Overtime, standby and rations payments	32 228 961	23 849 010
Leave pay and leave bonus payments	14 256 089	13 043 762
TOTAL: CONTINUED SERVICES	227 441 281	200 715 198
DISCONTINUED OPERATIONS		
Provincial Health Services - Clinics	-	2 132 640
<b>TOTAL EMPLOYEE RELATED COSTS</b>	<b>227 441 281</b>	<b>202 847 838</b>
Included in the employee related costs are the following:		
<i>Remuneration of the Municipal Manager</i>		
Total cost to Council	1 287 448	1 232 916
No performance bonus was payable to the Municipal Manager. Due to prolonged ill health, which led to him being absent without leave for 11 days, the municipal manager was not paid R44 965,00		
<i>Remuneration of the Chief Finance Officer</i>		
Annual remuneration	1 018 741	845 620
Car allowance	132 000	29 777
Contributions to UIF, medical and pension funds	297 905	278 683
Sub-Total	1 448 646	1 154 080
Backpay:		
Annual remuneration	46 412	-
Car allowance	51 111	-
Contributions to UIF, medical and pension funds	35 993	-
Total	1 582 163	-
The remuneration of the CFO was re-negotiated effective 01 January 2013 and details of backpay is included above.		
<i>Remuneration of Executive Directors</i>		
<i>Economic Development and Planning</i>		
Annual remuneration	781 346	649 141
Car allowance	96 000	96 000
Medical and pension funds	220 201	204 097
Total	1 097 547	949 239
<i>Technical Services</i>		
Annual remuneration	-	695 396
Car allowance	-	31 008
Medical and pension funds	-	90 043
Total	-	816 447

The previous Executive Director of Technical Services retired on the 30 June 2010. The post was vacant for a period of seventeen months. The post was subsequently filled on the 12 December 2011. The Executive Director of Technical Services was charged with misconduct and vacated his post on 10 May 2013. The Director: Special Projects has since been acting in this post from 27 September 2012 to 31 May 2014

	2014	2013
	R	R
<b>22. EMPLOYEE RELATED COSTS (continued)</b>		
Corporate Services		
Annual remuneration	951 705	768 016
Car allowance	96 000	96 000
Medical and pension funds	29 642	27 729
<b>Total</b>	<b>1 077 348</b>	<b>891 745</b>
Municipal Services		
Annual remuneration	961 638	903 194
Car allowance	95 849	95 849
Medical and pension funds	19 858	24 636
<b>Total</b>	<b>1 077 346</b>	<b>1 023 679</b>
Corporate Governance		
Annual remuneration	721 808	736 023
Car allowance	131 752	131 184
Medical and pension funds	239 640	219 750
<b>Total</b>	<b>1 093 200</b>	<b>1 086 957</b>
The Position of Executive Director of Corporate Governance was filled on the 01 June 2012.		
<b>23. REMUNERATION OF COUNCILLORS</b>		
Mayor	658 073	626 841
Deputy Mayor	583 908	505 898
Speaker	531 082	556 100
Mayoral committee members	4 410 828	4 068 273
Councillors	9 114 548	8 193 482
Councillors' pension contribution	1 309 315	1 179 563
<b>Total Councillors' Remuneration</b>	<b>16 607 754</b>	<b>15 130 157</b>
<b>24. FINANCE COSTS</b>		
Non-current liabilities	11 601 150	8 134 555
	<b>11 601 150</b>	<b>8 134 555</b>
<b>25. BULK PURCHASES</b>		
Electricity	<b>398 246 744</b>	<b>361 429 928</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom and Nersa approved a 11.15% tariff hike in favour of Eskom.

	2014	2013
	R	R
<b>26. GENERAL EXPENSES</b>		
Included in general expenses is the following: -		
CONTINUED OPERATIONS		
Free basic services - Refuse	11 781 722	11 112 445
Dump charges	8 664 748	9 895 502
Replacement of faulty meters	125 045	363 593
Indigent support - parks and gardens department	10 787 521	7 765 385
Indigent support - waste management department	2 930 067	2 269 870
Security services	7 929 473	4 562 034
Shark control expenditure	3 037 173	2 495 162
Call out to consumer complaints	8 208 942	6 840 278
Grant expenditure	90 972	150 719
Legal costs	3 843 770	3 320 750
Marketing	1 000 300	11 790
Audit fee - external audit	3 407 771	3 420 824
Bank charges	2 557 595	1 956 119
Insurance general	1 476 774	3 149 769
Refuse bags/contract	1 340 280	1 393 280
Free basic services - Electricity	9 658 782	7 620 635
Valuations & valuation rolls	1 498 771	1 259 122
Processing of fines	146 538	2 084 011
Subsidies - selling schemes	128 395	461 843
Lease - Office Machines & Equipment	431 637	322 015
Rent of Property / Offices / House	702 684	685 101
Revenue protection services	520 002	3 315 540
Ward Committee members	2 755 000	2 564 000
Mr Price Pro expenditure	2 567 274	2 298 288
Advertising	2 238 176	1 959 369
Printing, Stationery & postage	3 157 310	3 154 570
Subscriptions	1 981 665	1 610 932
Water & Sanitation	1 830 258	1 765 836
Sundry Oils & Fuels	5 847 107	4 779 125
Street lighting consumption	3 249 558	2 738 457
Staff & councillor training costs and bursaries	1 652 678	3 402 681
Travelling & subsistence	938 453	1 467 216
Telephone calls / rentals	2 614 232	3 876 083
Protective clothing	2 775 114	2 385 491
Shakaville landfill site expenditure	-	998 043
Sports development	457 174	624 846
Non standard service connection	1 580 500	890 730
Software support & licences and agreements	2 951 831	1 751 254
Adjustment to traffic fine debtor due to implementation of iGRAP 1	-	-
Other general expenses	26 744 548	17 260 990
<b>TOTAL: CONTINUED SERVICES</b>	<b>143 609 841</b>	<b>127 983 697</b>
DISCONTINUED OPERATIONS		
Provincial Health Services - Clinics	-	189 705
<b>TOTAL GENERAL EXPENSES</b>	<b>143 609 841</b>	<b>128 173 402</b>

	2014	2013
	R	R
<b>27.1 CONTRACTED SERVICES</b>		
Refuse removal	18 282 430	15 219 642
Grass cutting	4 984 671	4 320 332
Financial, assets and new GRAP standards support	1 902 971	1 622 178
Financial and Performance management (PMS) support	-	436 686
Project management fees and concept plan	167 500	250 000
Professional fees - disciplinary enquiry	-	231 717
Survey and facilitation fees for roads and housing projects	451 254	235 500
Advertising	451 782	147 253
Credit rating	-	90 000
Other	-	1 228
	<b>26 240 607</b>	<b>22 554 536</b>
<b>27.2 Transfer made: MIG funding paid to Ilembe District Municipality</b>	<b>8 528 290</b>	<b>20 619 944</b>

The Minister of Finance has allocated funds via the National MIG Unit and which funds have been allocated to KwaDukuza Municipality. The KwaDukuza Municipality by way of a Special Council Resolution on 26 July 2012, agreed to fund bulk infrastructure for water and sanitation via the said MIG allocation to enable Ilembe District Municipality to supply the relevant bulk infrastructure water and sanitation to various housing projects being undertaken by KwaDukuza Municipality. KwaDukuza Municipality has allocated an amount of R20 million from their MIG Grant funding for the 2013/2014 financial year for this project. R8 528 290 has been transferred to Ilembe District Municipality in the 2013/2014 financial year.

## 28. REVENUE

### 28.1 OTHER INCOME

Included in other income is the following: -

#### CONTINUED OPERATIONS

Contributions demand based	10 941 985	12 892 259
Building plan fees	7 243 518	3 987 761
Sundries	2 925 560	546 603
Electricity availability	2 136 358	1 821 285
Non standard service connection	489 820	638 355
Disconnection / reconnection fees	737 500	920 130
Contribution in lieu of parking	45 854	394 445
Roads master plan	229 177	173 835
Sale of redundant stock	-	585 750
Sale of electricity street lights for housing estates	-	4 447 804
Proceeds from insurance	2 809 580	1 908 088
Bid / Tender documents	584 335	1 042 930
Tampering fees	184 500	713 000
Electrical call out fees	35 775	642 467
Rates certificates	586 115	507 922
Admin charges	1 176 522	1 069 564
Library subsidy	-	-
Burial fees	481 672	407 634
Other income	6 215 361	6 949 763
Assets not previously recognised	-	33 545 598
<b>TOTAL: CONTINUED SERVICES</b>	<b>36 823 634</b>	<b>73 195 195</b>

#### DISCONTINUED OPERATIONS

Provincial Health Services - Clinics	-	1 391
<b>TOTAL OTHER INCOME</b>	<b>36 823 634</b>	<b>73 196 587</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>28. REVENUE (continued)</b>		
<b>28.2 FINES</b>		
Total revenue from Fines Income	<b>25 973 087</b>	<b>5 886 814</b>
Fines are issued in terms of S341 & S56 of the Criminal Procedures Act. The increase in fines in the current year is due to the introduction of IGRAP 1		
<b>29. UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>29.1 Irregular Expenditure:</b>		
Opening Balance	62 436 990	17 002 222
Goods and/or services not procured through competitive bidding processes.	538 152	1 120 971
Copies of contracts could not be located and made available to audit	10 904 329	3 299 195
Non-submission of tax clearance certificates and / or declarations of interest by suppliers, staff / contractors not registered with CIDB	474 237	44 609
Irregular expenditure 2012/2013 pertaining to grass cutting contracts approved by Council and awaiting National Treasury condonement	24 253 018	19 071 222
Irregular expenditure due to conducting business with persons in the service of the state	912 184	-
Section 36 approvals subsequently reclassified as irregular expenditure. Refer to Note 32.7	1 140 000	1 278 827
Irregular expenditure relating to procurement and contract management	100 658 909	41 817 046
Unauthorised MIG transfer to Ilembe District Municipality	8 364 825	20 619 944
Closing Balance awaiting condonation by National Treasury	<b>109 023 734</b>	<b>62 436 990</b>
Irregular expenditure written off by council	(52 606 760)	-
<b>29.2 Fruitless and Wasteful Expenditure:</b>		
Opening Balance	3 708 058	3 708 058
Incurred during the year	-	-
Closing Balance (Awaiting condonation)	<b>3 708 058</b>	<b>3 708 058</b>

	2014	2013
	R	R
<b>30. CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	146 610 642	157 480 961
Adjustment for: -		
Amortisation: Intangible assets	2 375 177	2 515 404
Depreciation: Property, Plant and equipment	40 061 055	33 828 672
Impairment loss	7 015 752	5 705 346
Gain on disposal of asset	(84 105)	-
Loss on disposal of property, plant and equipment	-	4 537 732
Contribution to provisions - non-current	(1 249 193)	3 301 592
Contribution to provisions	-	100 000
Assets adjustments as per Note 10	2 066 179	(4 222 087)
Assets donated	(5 024 977)	(18 428 975)
Contribution to retirement benefit obligation	5 058 490	3 982 436
Contribution to long service award benefits	964 029	1 726 995
Increase / (Release from) allowance for impairment	16 090 377	(499 019)
Fair value adjustment : Investment properties	(10 445 000)	(1 445 000)
Investment income	(21 700 289)	(21 098 672)
Provision for future Housing discounts utilized	-	-
Intangible assets not previously recognised	(236 355)	-
Bad Debts written off	6 603 633	-
Finance costs	11 601 150	8 134 555
<b>Operating surplus before working capital changes:</b>	<b>199 706 566</b>	<b>175 619 939</b>
(Increase)/decrease in inventories	(2 878 451)	(338 349)
(Increase)/decrease in exchange receivables	(34 248 371)	(9 853 034)
(Increase)/decrease in non-exchange receivables	(3 265 451)	(1 527 204)
Increase/(decrease) in conditional grants and receipts	17 366 514	29 603 006
Increase/(decrease) in Trade and Other Payables	12 957 981	5 664 927
Decrease in short term portion of long term receivables	-	823 316
(Increase)/decrease in VAT receivable	(595 421)	7 883 147
Debtors impairment VAT movement - Note 16	-	-
<b>Cash generated by operations</b>	<b>189 043 369</b>	<b>207 875 750</b>
<b>31. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	542 370 693	528 947 208
Call investment deposits	-	-
<b>Total cash and cash equivalents at the end of the year</b>	<b>542 370 693</b>	<b>528 947 208</b>
<b>32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>32.1 Contributions to organised local government</u></b>		
Amount paid - current year	(2 268 248)	(1 609 944)
Balance unpaid (included in creditors)	-	-
<b><u>32.2 Audit fees</u></b>		
Amount paid - current year	(3 884 859)	(3 422 655)
Balance unpaid (included in creditors)	-	-
<b><u>32.3 VAT</u></b>		
Vat received for the year	<b>28 404 141</b>	<b>21 158 761</b>
VAT paid for the year	<b>( 1 212 876)</b>	<b>( 5 886 626)</b>

VAT inputs receivables and VAT outputs payable are shown in note 9. All VAT returns have been submitted by the due date throughout the year.

	2014	2013
	R	R
<b>32. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>		
<b><u>32.4 PAYE and UIF</u></b>		
Current year payroll deductions	(32 651 918)	(27 933 132)
Balance unpaid (included in creditors)	-	-
<b><u>32.5 Pension and Medical Aid Deductions</u></b>		
Current year payroll deductions and Council Contribution	(54 317 460)	(46 812 154)
Balance unpaid (included in creditors)	-	-
<b><u>32.6 Councillor's arrear consumer accounts as at 30 June 2014</u></b>		
In terms of S124 (1) (b) the following particulars are disclosed in respect of any arrears owed by individual councillors during the financial year:		
<i>Councillor: S Anamaly</i>		
Nature of Arrears;		RATES & SERVICES
Arrears during the year (Highest):		10 864
Arrears as at 30 June 2014		2 258
Oldest ageing as at 30 June 2014		120 days
<i>Councillor: S Anamaly</i>		
Nature of Arrears;		RATES & SERVICES
Arrears during the year (Highest):		5 707
Arrears as at 30 June 2014		4 437
Oldest ageing as at 30 June 2014		360 days
<b><u>32.7 Supply chain management deviations</u></b>		
Emergency	2 762 679	5 664 249
Sole provider	1 066 392	-
Acquisition of special works of art or historic objects where specifications are difficult to compile	1 296 500	-
In any other exceptional case where it is impractical to follow the official procurement process	1 057 660	-
	<b>6 183 231</b>	<b>5 664 249</b>
Section 36 deviations transferred to Irregular Expenditure	<b>1 140 123</b>	<b>1 278 827</b>
<b><u>32.8 Material losses incurred</u></b>		
<b>Electricity Distribution Losses</b>		
Technical Losses	44 797 593	40 516 293
Non Technical Losses	16 941 635	5 606 028
Technical and non technical electricity distribution losses	<b>61 739 229</b>	<b>46 122 321</b>
Percentage energy losses	15%	12.61%

Non technical losses are generally the result of, but not limited to, theft of electricity by means of illegal connections and unbilled consumers. Internal controls are in place and are being maintained which minimises the risk of unbilled consumers. No disciplinary action will be taken as the losses incurred are not due to negligence. 91,37 million kilowatts have been lost due to electricity distribution losses.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

	2014	2013
	R	R
<b>33. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for:	273 980 886	236 321 641
Infrastructure	265 873 624	220 549 580
Community	8 107 262	15 772 062
Intangible	-	-
<b>34. CONTINGENT LIABILITIES</b>		
34.1 Reimbursement of capital costs of bulk supply to developers The reimbursement are dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursements cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.	172 100 799	172 100 799
34.2 Municipality is being sued arising out of a minor child sustaining injuries allegedly after being electrocuted when she touched a light pole in Hulett Street	100 000	100 000
34.3 Wage Curve Judgement - The labour court upheld a wage curve agreement between the collective bargaining parties i.e.) SALGA, SAMWU AND IMATU, signed in April 2010, dealing with different categories of municipalities. Under the agreement, some workers would receive back pay from September 2009. SALGA has however filed leave to appeal the court decision. Should the court rule in favour of the Union, it is estimated that the possible further payroll costs of R15 395 127 will have to be borne by the municipality.	-	15 395 127
34.4 Nyathi Sugar Ridge CC is suing the municipality due to losses incurred by a damaged electrical pole setting alight the sugar cane.	188 667	188 667
34.5 Municipality is being sued by S Govender pertaining to a collision involving a vehicle owned by the Municipality	49 000	49 000
34.6 Municipality is being sued by Body Corporate Chakas Place for the removal of public toilets that are in front of the applicants building	150 000	150 000
34.7 Claim against the municipality for tyre damage	-	12 500
34.8 Municipality is being sued by Sappi Southern Africa Limited for loss of revenue and additional expenditure incurred due to various power outages.	4 465 728	-
	<b>177 054 194</b>	<b>187 996 093</b>

**Wage Curve Judgement;**

The application brought by the Unions to the Constitutional Court was dismissed as the court was of the opinion that the unions had no prospect of success proceeding with the matter in the Constitutional Court. The matter of the wage curve dispute is therefore ultimately finalized after a number of years of seeking possible solutions and the legal processes.

**35. REPAIRS & MAINTENANCE**

Electrical Repairs & Maintenance	19 715 272	20 809 549
Roads & Stormwater Repairs & Maintenance	24 833 324	15 178 856
Parks & Gardens	19 869 249	18 596 487
General Repairs & Maintenance	9 251 588	8 718 192
	<b>73 669 433</b>	<b>63 303 086</b>

	2014	2013
	R	R
<b>36. CORRECTION OF ERROR</b>		
The comparatives for 2012/13 have been restated in respect of the following errors:		
<b>36.1 Errors for accounting for Property, Plant and Equipment (Note 10)</b>		
Property Plant & Equipment as previously reported		812 608 558
Adjustments to assets as per restated Note 10 2013		32 928 094
<b>Restated balance as at 30 June 2013</b>		<b>845 536 652</b>
<b>36.2 Restatement of Intangible Assets (Note 11)</b>		
Intangible Assets as previously reported		13 320 317
Correction of prior year Intangible assets as per restated Note 11		32 365
<b>Restated balance as at 30 June 2013</b>		<b>13 352 682</b>
<b>36.3 Restatement of non-exchange receivables (Note 17)</b>		
Non - exchange receivables as previously reported		27 792 349
Adjustments to Rates Revenue 2012/13 in respect of Valuation Appeals		1 098 686
Adjustments to Rates Revenue prior to 2012/13 in respect of Valuation Appeals		289 636
<b>Restated balance as at 30 June 2013</b>		<b>29 180 671</b>
<b>36.4 Restatement of Trade &amp; other payables (Note 7)</b>		
Trade & other payables as previously reported		159 904 126
Adjustment to sundry deposits previously recognised as revenue		7 291
Adjustment to SALGA subscriptions		287 811
Adjustment to Roads Masterplan previously recognised as revenue		61 434
Adjustment to Rental Income previously recognised as revenue		8 390
Adjustment to employee backpay claims		(595 226)
<b>Restated balance as at 30 June 2013</b>		<b>159 673 826</b>
<b>36.5 Restatement of Investment Properties (Note 12)</b>		
Investment Properties as previously reported		65 285 000
Recognition of ERF 517 Ballito - Lions Club - Prior 2012/2013		4 000 000
Fair value adjustment of ERF 517 Ballito - Lions Club 2012/2013		500 000
<b>Restated balance as at 30 June 2013</b>		<b>69 785 000</b>
<b>36.6 Restatement of Adjustment to non-current provisions (Note 3)</b>		
Non current provisions as previously reported		23 552 760
Reversal of alien vegetation provision 2012/2013		(3 044 545)
<b>Restated balance as at 30 June 2013</b>		<b>20 508 215</b>

	2014	2013
	R	R
<b>36. CORRECTION OF ERROR (continued)</b>		
<b>36.7 Restatement of Surplus for the year</b>		
Surplus for the year as previously stated		119 097 627
Other income:		
Adjustment to Roads masterplan previously recognised as revenue		(61 434)
Adjustment to Street lights not previously recognised		32 629 397
Adjustment to Leases not previously recognised		160 740
Adjustment to previously disposed assets		755 461
Amortisation		
Adjustment to Amortisation on zero book value assets		32 365
Rental Income		
Adjustment to Rental Income previously recognised as revenue		(1 570)
General Expenses		
Adjustment to SALGA subscriptions as a result of recalculation		(152 809)
Adjustment to lease expenses		(13 100)
Employee related costs:		
Reversal of employee backpay claims		595 226
Fair value adjustment of Investment Properties		
Fair value adjustment of Investment Property ERF 517 Ballito - Lions Club		500 000
Property rates:		
Adjustments to Rates Revenue 2012/13 in respect of Valuation Appeals		1 098 686
Depreciation;		
Adjustment to depreciation on Palisade fencing		1 659
Adjustment to depreciation on incorrectly capitalised AUC items		13 954
Adjustment to depreciation of AUC items reclassified to buildings		(29 578)
Adjustment to depreciation of assets previously disposed now brought into use		(119 365)
Adjustment to depreciation 2012/2013 on street lights not previously recognised		(815 727)
Adjustment to depreciation 2012/2013 on Leases not previously recognised		(53 580)
Adjustment to depreciation on leases - zero book value		39 060
Adjustment to depreciation on Furniture & Fittings - zero book value		466 521
Adjustment to depreciation on Electricity - zero book value		3 328
Adjustment to depreciation on vehicles - zero book value		151 879
Adjustment to depreciation on assets previously classified as AUC		(2 228)
Adjustment to depreciation on assets previously classified as land		139 904
Non-current provisions		
Adjustment to non-current provision 2012/2013 in respect of alien vegetation		3 044 545
<b>Restated balance as at 30 June 2013</b>		<b>157 480 961</b>

	2014	2013
	R	R

**37. EVENTS AFTER THE REPORTING DATE****NATIONAL ENERGY REGULATOR OF SOUTH AFRICA**

NERSA approved a 11.15% increase in Eskom bulk purchase tariffs which will have a significant effect on future revenues and expenditure.

**38. EXPLANATION OF VARIANCES DISCLOSED IN THE BUDGET STATEMENT****Variance (1) between Original and Final Budget:****38.1 Property Rates**

No adjustment was made to Property Rates but rather an adjustment of R2 337m to Penalties & Collection Charges. During the mid-term review, financial indicators realised improved collection on outstanding debt, which prompted a decrease in Penalties and collection charges.

**38.2 Service charges**

Taking into account the various increases and decreases within the electricity revenue votes during the mid-term review, it was anticipated that there will be an overall decrease in revenue from service charges.

**38.3 Investment Revenue**

During the budget process, it was established that a major portion of cash held as investments will be used as a source of funding for capital expenditure funded internally. This resulted in the assumption that there will be a drastic decrease in investment revenue. Sighting the low spending on the capital budget, the budget for investment revenue was adjusted upwards.

**38.4 Transfers recognised - operational**

Various operation roll-over applications were approved by National Treasury which required the budget to be adjusted.

**38.5 Other own revenue**

The different other revenue streams were reviewed and adjusted accordingly.

**38.6 Employee Related Costs**

5% new prioritised posts added to the budget

**38.7 Debt Impairment**

Debtors were profiled for the recalculation of debt impairment - based on improved collection rates the debt impairment reduced by R3 million.

**38.8 Depreciation and asset Impairment**

Depreciation budget adjusted by R23 325 million due to revised calculations on assets under construction which was to be release to PPE.

**38.9 Finance Charges**

DBSA loan drawdowns schedules were amended resulting in shifting of funds to be drawn down.

**38.10 Other Expenditure**

The expenditure was reviewed and in consultation with directorates adjusted accordingly

**38.11 Contributions recognised - Capital**

Adjustment to Capital Budget to bring in MIG roll-over which had been approved by National Treasury.

	2014	2013
	R	R

**38. EXPLANATION OF VARIANCES DISCLOSED IN THE BUDGET STATEMENT (continued)****Variance (2) between Final Budget and Actual Outcome****38.12 Property Rates**

Decrease in actual revenue due by R5,8m, all rates revenue was not realised as anticipated. There has been various outcomes by the Valuation Appeal Board.

**38.13 Service charges**

Decrease in electricity sales due to meter tampering and electricity theft and also a reduction in consumption due to the increasing costs of electricity eg. installation of solar geysers etc.

**38.14 Investment Revenue**

Investment revenue has increased by R9.4 million as compared to final budget figures due to slow spending on capital projects.

**38.15 Transfers recognised - operational**

Certain expenditure that was funded by Government Grants did not materialise .

**38.16 Other own revenue**

Implementation of iGRAP 1 for revenue recognition of fines and various other income streams have contributed to the increase in other own revenue

**38.17 Employee Related Costs**

9% prioritised posts and resignations not filled due to moratorium passed by Council

**38.18 Debt Impairment**

Debtors were profiled as at 30 June 2014. Subsequent receipt testing was done and Management is of the opinion that the provision not be adjusted.

**38.19 Depreciation and asset Impairment**

The variance is minor

**38.20 Finance Charges**

The DBSA loan drawdown schedule amended to shift funds to outer year due to slow capital spending.

**38.21 Other Expenditure**

Significant projects and plans that were budgeted for and were to be implemented in the third and fourth quarter, did not materialise.

**38.22 Transfers recognised - Capital**

Significant underspending on Municipal Infrastructure Grant (MIG), NDPG and other Capital Grants

**38.23 Total capital transfers recognised**

Mig roll over approved by National Treasury and adjusted accordingly

**38.24 Borrowings**

Unspending on Capital that was financed by borrowings

**38.25 Internally generated funds**

MIG projects counter funding was shifted to a multiyear allocation due to its progress.

**38.26 Total capital transfers recognised**

Under-spending on the Corridor Funding grant, Demand Side Management Grant, NDPG & MIG.

	2014	2013
	R	R

**38. EXPLANATION OF VARIANCES DISCLOSED IN THE BUDGET STATEMENT (continued)****38.27 Borrowings**

Low expenditure on the electrical infrastructure projects which resulted on roll over of funds across the MTREF.

**38.28 Internally generated funds**

Underspending on MIG internal funding and also general capital that were funded internally

**38.29 Remuneration of Councillors**

Remuneration of Councillors are calculated within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act.

**38.30 Bulk Purchases**

Budget was in line with Eskom Bulk purchases tariffs

**39. RELATED PARTIES****39.1 COUNCILLOR: R SINGH**

Expenditure:

General Expenses for the year

4 357 739

4 317 285

Nature of transaction: The Council has entered into a contract for grass cutting with a relative of the Councillor.

Balance outstanding at year end:

Nil

Nil

**39.2 STAFF MEMBER: G GIBBON**

Expenditure:

General Expenses for the year

-

4 400

Nature of transaction: The Council has entered into a rental agreement with the staff member.

Balance outstanding at year end:

Nil

Nil

**39.3 STAFF MEMBER: P NAIDOO**

Expenditure:

General Expenses for the year

125 422

142 549

Nature of transaction: The Council has entered into a contract with the father of the employee for the sale of prepaid electricity

Balance outstanding at year end:

Nil

Nil

**39.4 STAFF MEMBER: P MURUGAN**

Expenditure:

General Expenses for the year

461 823

681 866

Nature of transaction: The brother of the employee provides pest control services to the municipality

Balance outstanding at year end:

Nil

Nil

	2014	2013
	R	R
<b>39. RELATED PARTIES (continued)</b>		
<b>39.5 COUNCILLOR: B B SINGH</b>		
Expenditure:		
General Expenses for the year	433 143	311 264
Nature of transaction: The spouse of the councillor owns a travel agency. Council conducts business with this CC.		
Balance outstanding at year end:	Nil	Nil
Expenditure:		
General Expenses for the year	362 194	450 422
Nature of transaction: The municipality awarded a tender to Singh's Fruit & Veg for prepayment electricity to the spouse of the councillor.		
Balance outstanding at year end:	Nil	Nil
<b>39.6 STAFF MEMBER: S I TSWANA</b>		
Expenditure:		
General Expenses for the year	37 568	-
Nature of transaction: The brother of the employee hires out sound equipment to the municipality for public meetings.		
Balance outstanding at year end:	Nil	-
<b>Total value of related parties</b>	<b>5 777 889</b>	<b>5 457 364</b>
Payments of remuneration to senior managers and councillors - details of payments are set out in Notes 23 & 24		
<b>40. LEASES</b>		
<b>OPERATING LEASES</b>		
The future minimum lease payments receivable under operating leases for the actual receivables are as follows:		
No later than 1 year	530 712	505 440
Later than 1 year and no later than 5 years	2 401 809	2 287 437
Later than 5 years	5 514 895	6 159 979
	<b>8 447 416</b>	<b>8 952 856</b>
<i>Salient leases</i>		
The municipality has entered into a non-cancellable lease with a private contractor to operate the Dolphin Caravan park. The lease runs for a period of 25 years, starting 1 July 2001. Real rental income escalates at 5% per annum.		
<b>FINANCE LEASES</b>		
<b>Amounts payable under finance leases:</b>		
Finance lease liability - Minimum lease payments		
No later than 1 year	219 856	439 930
Later than 1 year and no later than 5 years	14 295	234 151
Later than 5 years	-	-
Future Finance charges on finance leases	(14 953)	(71 150)
<b>Present Value of finance lease liability</b>	<b>219 198</b>	<b>602 931</b>
<b>Present Value of Minimum Lease Obligations</b>		
No later than 1 year	205 728	383 734
Later than 1 year and no later than 5 years	13 470	232 297
Later than 5 years	-	-
	<b>219 198</b>	<b>616 031</b>

	2014	2013
	R	R

**40. LEASES (continued)**

Finance Lease Liabilities relates to Furniture and Fittings with lease terms of 3 to 5 years. The effective interest rate on Finance Leases is between 13,50% and 19,00%. Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

**41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term liabilities - facilities granted	160 917 999	92 783 439
Used to finance property, plant and equipment - at cost	160 917 999	92 783 439
Undrawn facilities	-	-
DBSA R255 185 427 loan	139 055 871	207 279 455
ABSA R21 544 000 loan	9 202 898	11 366 923
	<b>148 258 768</b>	<b>218 646 378</b>
Facilities Granted / Not yet utilized	<b>148 258 768</b>	<b>218 646 378</b>

**42. ANALYSIS OF THE RESULT OF DISCONTINUED OPERATIONS**

Revenue	-	1 391
Expenditure	-	2 393 999
Loss attributable to discontinued services	-	<b>2 392 607</b>

**43. ANALYSIS OF THE CASH FLOW OF DISCONTINUED OPERATIONS**

Operating cash flows	-	(2 392 607)
Investing cash flows	-	-
Financing cash flows	-	-
	-	<b>(2 392 607)</b>

**43. CHANGE IN ESTIMATE**

Furniture and Fittings, fully depreciated, but still in use at year end amounts to a cost of R657 395 and accumulated depreciation of R657 395.

Buildings, fully depreciated, but still in use at year end amounts to a cost of R162 467 and accumulated depreciation of R162 467.

Leases, fully depreciated, but still in use at year end amounts to a cost of R5 746 and accumulated depreciation of R5 746.

The Municipality reviewed the useful lives of items of property, plant and equipment. Adjustments to these useful lives affect the amount of depreciation for the current year and is expected to affect future periods as well. As a result of this adjustment, the current year total depreciation increased by a net R884 234,98 and will continue to affect annual depreciation for the remainder of these assets' useful lives. The detail breakdown of the depreciation adjustment is as follows:

Buildings	(666 389)	Decrease in depreciation
Housing Assets	84 610	Increase in depreciation
Electricity Infrastructure	869 572	Increase in depreciation
Roads Infrastructure	1 471 092	Increase in depreciation
Solid Waste	8 626	Increase in depreciation
Cemeteries	(143 816)	Decrease in depreciation
Furniture and Fittings	(94 693)	Decrease in depreciation
Vehicles	(491 531)	Decrease in depreciation
Intangible Assets	(144 962)	Decrease in depreciation
Leased Assets	(8 273)	Decrease in depreciation
	<b>884 235</b>	<b>Net Increase in depreciation</b>

**44. FINANCIAL RISK MANAGEMENT***Financial Risk Management Objectives*

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**44.1 Maximum credit risk exposure**

Credit risk consist mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit exposure in respect of the relevant financial instruments is as follows (domestic exposure only)

	2014	2013	2012
	R	R	R
Investments	-	-	-
Cash and Cash Equivalents	542 370 693	528 947 208	403 343 124
interest rate swaps	-	-	-
Financial guarantees	-	-	-
Trade and other receivables	102 604 090	87 797 198	75 466 238
<b>Maximum Credit Exposure</b>	<b>644 974 783</b>	<b>616 744 406</b>	<b>478 809 363</b>

**44. FINANCIAL RISK MANAGEMENT (continued)****44.2 Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the undiscovered cash flows.

	2014	2013	2012
	R	R	R
<b>2014</b>		<b>1 month or less</b>	<b>1-3 months or less</b>
Gross finance lease obligations		25 371	49 558
Long Term Borrowings		263 873	3 522 816
Trade and other payables		-	-
Other		75 476 334	-
<b>2014</b>		<b>3-12 months or less</b>	<b>1-5 years</b>
Gross finance lease obligations		140 629	14 295
Long Term Borrowings		24 501 164	297 836 496
Trade and other payables		172 631 808	-
Other		-	-
<b>2013</b>		<b>1 month or less</b>	<b>1-3 months or less</b>
Gross finance lease obligations		41 606	83 109
Long Term Borrowings		263 873	3 518 049
Trade and other payables		159 673 826	-
Other		-	-
<b>2013</b>		<b>3-12 months or less</b>	<b>1-5 years</b>
Gross finance lease obligations		315 111	219 856
Long Term Borrowings		21 024 681	326 124 349
Trade and other payables		-	-
Other		58 109 820	-

**44.3 Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in the market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

Call deposits	-	-	-
Investment deposits	-	-	-
Bank balances and cash	542 370 693	528 947 208	413 543 111
<b>Maximum Interest exposure</b>	<b>542 370 693</b>	<b>528 947 208</b>	<b>413 543 111</b>

**44.4 Other price risk**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments

## UNAUDITED APPENDIX A: SCHEDULE OF EXTERNAL LOANS

for the year ended 30 June 2014

DESCRIPTION	LOAN NUMBER	INTEREST RATE	DATE REPAYABLE
		%	
<b>Non Annuity Loans</b>			
Loan DBSA R43M	101267/1	8,58%	31/03/2026
Loan INCA R5 900 000	KWAD 00-0005	9,09%	31/05/2015
Loan ABSA R3100 000	30-3124-5686	8,73%	01/06/2020
Loan ABSA R900 000	30-3123-2295	8,23%	01/06/2015
Loan INCA R6800 000	KWAD 00-0006	9,02%	30/06/2015
Loan ABSA R21.544M	30-3593-5306	7,96%	30/06/2017
Loan DBSA R28.9M	61006918/19	9,73%	30/09/2030
Loan DBSA: R5.888	61006918/19	9,73%	31/12/2032
<b>Total Non Annuity Loans</b>			
<b>Annuity Loans</b>			
Loan Development Bank Of SA	10580/204	12,00%	30/09/2017
Loan Development Bank Of SA	11165/102	15,75%	30/09/2017
Loan Development Bank Of SA	13527/103	16,50%	30/09/2014
Loan Development Bank Of SA	11577/102	13,45%	30/06/2014
Loan Development Bank Of SA	9879/102	12,00%	30/09/2016
<b>Total Annuity Loans</b>			
<b>TOTAL EXTERNAL LOANS</b>			

	BALANCE AT 30/06/2013	RECEIVED DURING THE YEAR	REDEEMED / ADJUSTMENTS / (INTEREST CAPITALISED) DURING THIS PERIOD	BALANCE AT 30/06/2014
	R	R	R	R
	27 079 589		2 083 045	24 996 543
	2 579 227		1 289 806	1 289 421
	2 432 335		265 086	2 167 249
	450 104		169 239	280 865
	3 090 348		1 475 794	1 614 554
	17 925 481		3 971 469	13 954 012
	28 703 342	40 266 411	1 962 588	67 007 165
	5 768 844	41 018 055	1 006 502	45 780 397
	<b>88 029 268</b>	<b>81 284 467</b>	<b>12 223 530</b>	<b>157 090 205</b>
	296 540	-	53 148	243 391
	3 772 426	-	631 055	3 141 372
	184 035	-	117 751	66 284
	1 925	-	1 925	-
	499 245	-	122 497	376 747
	<b>4 754 170</b>	<b>-</b>	<b>926 376</b>	<b>3 827 794</b>
	<b>92 783 439</b>	<b>81 284 467</b>	<b>13 149 906</b>	<b>160 917 999</b>

## UNAUDITED APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2014

	COST / REVALUATION						
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	ASSETS FAIR VALUED	ASSETS DONATED	DISPOSALS	
	R	R	R	R	R	R	
Other Assets	-	-	-	-	-	-	
Infrastructure Roads	291 542 451	38079879		-	560 099	(239 993)	
Buildings	101 477 100	8 782 973		-	488 599		
Cemeteries	5 331 572	236 372	-	-	-	-	
Solid Waste	2 677 771		-	171 486	-	(107)	
Housing Assets	8 052 000	195 118	-	-	-	-	
Stormwater Infrastructure	121 504 449	11875812	-	-	-	-	
Developed Land	34 677 449	-	-	-	-	-	
Electricity Infrastructure	415 764 938	48 373 846			3 750 632	(503 804)	
Vehicles	43 358 191	8 620 512	-	7 635	-	(165 805)	
Leased Assets	1 697 232	-	-	-	-	(11 492)	
Undeveloped Land	76 545 700	-	-	-	-	(23 000)	
Assets under Construction	88 503 906	230 637 776	-	-	-	-	
Furniture and Fittings	33 720 207	4 720 165	-	35 642	225 646	(1 374 052)	
	<b>1 224 852 966</b>	<b>351 522 453</b>	<b>-</b>	<b>214 763</b>	<b>5 024 976</b>	<b>(2 318 253)</b>	

			ACCUMULATED DEPRECIATION						
	TRANSFERS	CLOSING BALANCE	RESTATED OPENING BALANCE	ADDITIONS	DISPOSALS	IMPAIRMENT	TRANSFERS	CLOSING BALANCE	CARRYING VALUE
	R	R	R	R	R	R	R	R	R
	-	-				-		-	-
	-	-				-		-	-
	-	329 942 436	(119 979 252)	(9 167 805)	216 709	(587 621)	-	129 517 969	200 424 467
		-						-	-
		110 748 672	(25 438 276)	(5 260 343)	-	-		30 698 619	80 050 053
		-						-	-
	-	5 567 944	(1 037 535)	(247 796)	-	-		1 285 331	4 282 613
		-						-	-
	-	2 849 150	(355 668)	(156 837)	22	-		512 483	2 336 667
		-						-	-
	-	8 247 118	(4 677 294)	(233 897)		-		4 911 191	3 335 927
		-						-	-
	-	133 380 261	(31 009 075)	(3 330 164)	-	(2 183 367)		36 522 606	96 857 655
		-						-	-
	-	34 677 449	-	-	-	-		-	34 677 449
		-						-	-
	-	467 385 612	(157 072 240)	(12 235 289)	272 964	(4 095 262)		173 129 827	294 255 785
		-						-	-
	-	51 820 533	(25 780 600)	(2 787 942)	121 876	(26 903)		28 473 569	23 346 964
		-						-	-
	-	1 685 740	(988 529)	(453 847)	10 656	-		1 431 720	254 020
		-						-	-
	-	76 522 700	-	-	-	-		-	76 522 700
		-						-	-
	(98 487 304)	220 654 378	-	-	-	-		-	220 654 378
		-						-	-
	-	37 327 608	(15 426 018)	(6 327 442)	1 098 480	(122 599)		20 777 579	16 550 029
		-						-	-
	<b>(98 487 304)</b>	<b>1 480 809 601</b>	<b>(381 764 487)</b>	<b>(40 201 362)</b>	<b>1 720 707</b>	<b>(7 015 752)</b>	<b>-</b>	<b>427 260 894</b>	<b>1 053 548 707</b>

## UNAUDITED APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

for the year ended 30 June 2014

	COST / REVALUATION				
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
	R	R	R	R	
001 EXECUTIVE AND COUNCIL	79 841 754	1 696 423	(39 205)	81 498 972	
002 FINANCE AND ADMINISTRATION	12 723 616	1 670 694	(261 719)	14 132 591	
003 PLANNING AND DEVELOPMENT	55 707 478	7 270 172	(197 196)	62 780 454	
004 HEALTH				-	
005 COMMUNITY AND SOCIAL SERVICES	120 600 338	3 088 498	(150 449)	123 538 387	
006 HOUSING	672 323	49 769	(589)	721 503	
007 PUBLIC SAFETY	29 154 953	3 563 766	(623 803)	32 094 917	
008 SPORTS AND RECREATION	13 093 370	6 013 468		19 106 837	
009 WASTE MANAGEMENT	7 361 104	5 418 433	(7 265)	12 772 272	
010 ROAD TRANSPORT	481 126 065	136 030 340	(1 963 573)	615 192 831	
011 ELECTRICITY	424 571 965	95 156 722	(757 850)	518 970 837	
<b>Grand Total</b>	<b>1 224 852 965</b>	<b>259 958 285</b>	<b>(4 001 649)</b>	<b>1 480 809 602</b>	

	ACCUMULATED DEPRECIATION					
	OPENING BALANCE	ADDITIONS	DISPOSALS	IMPAIRMENT	CLOSING BALANCE	CARRYING VALUE
	R	R	R	R	R	R
	5 795 912	757 130	(33 580)	484	6 519 946	74 979 026
	5 800 216	1 670 601	(239 296)	20 322,32	7 251 843	6 880 747
	14 244 056	3 665 521	138 262	20 887	18 068 728	44 711 727
					-	-
	13 512 850	3 182 147	(85 430)	632	16 610 199	106 928 188
	439 810	48 560	(554)		487 816	233 688
	15 098 015	2 194 648	(477 098)	71 731	16 887 295	15 207 622
	1 135 164	452 719			1 587 883	17 518 954
	3 566 871	257 727	(5 385)	17 749	3 836 962	8 935 310
	161 326 880	13 992 160	(527 207)	2 778 497,30	177 570 331	437 622 501
	160 844 714	13 980 147	(490 418)	4 105 448,83	178 439 892	340 530 945
	<b>381 764 488</b>	<b>40 201 359</b>	<b>(1 720 706)</b>	<b>7 015 752</b>	<b>427 260 894</b>	<b>1 053 548 708</b>

**UNAUDITED APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 30 June 2014

2013 ACTUAL REVENUE	2013 ACTUAL EXPENDITURE	2013 (SURPLUS)/DEFICIT	
R	R	R	
(118 889 676)	62 155 568	(56 734 109)	Executive and Council
(313 563 856)	99 919 998	(213 643 859)	Finance and Administration
(5 098 522)	26 475 057	21 376 535	Planning and Development
(3 028)	5 496 772	5 493 744	Health
(2 931 992)	16 389 899	13 457 908	Community and Social Services
(692 448)	5 355 801	4 663 353	Housing
(6 499 455)	65 924 527	59 425 071	Public Safety
(597 204)	63 452 821	62 855 616	Sports and Recreation
(43 045 160)	54 222 799	11 177 639	Waste Management
(24 854 541)	69 154 021	44 299 479	Road Transport
(456 852 465)	416 330 168	(40 522 297)	Electricity
<b>(973 028 348)</b>	<b>884 877 430</b>	<b>(88 150 918)</b>	<b>Sub Total</b>
-	(30 946 709)	(30 946 709)	Less: Inter-Departmental
<b>(973 028 348)</b>	<b>853 930 721</b>	<b>(119 097 627)</b>	<b>Total</b>

	2014 ACTUAL REVENUE	2014 ACTUAL EXPENDITURE	2014 (SURPLUS)/DEFICIT
	R	R	R
	(111 295 323)	66 668 798	(44 626 525)
	(317 149 488)	87 935 263	(229 214 225)
	(10 450 361)	27 974 112	17 523 751
		4 014 639	4 014 639
	(4 935 367)	18 867 374	13 932 007
	(2 265 403)	5 902 988	3 637 585
	(23 746 852)	85 011 439	61 264 587
	(10 690 384)	74 387 641	63 697 257
	(61 075 383)	57 268 857	(3 806 526)
	(21 731 753)	77 548 688	55 816 936
	(543 261 528)	499 148 135	(44 113 392)
	<b>(1106 601 841)</b>	<b>1 004 727 933</b>	<b>(101 873 908)</b>
	-	(36 357 784)	(36 357 784)
	<b>(1106 601 841)</b>	<b>968 370 149</b>	<b>(138 231 693)</b>

**UNAUDITED APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**

for the year ended 30 June 2014

	ACTUAL 2014	BUDGET 2014	VARIANCE 2014
	R	R	R
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
Property rates	(257 976 406)	(265 161 582)	(7 185 176)
Property rates - penalties imposed and collection charges	(9 666 071)	(8 522 780)	1 143 291
Fines	(25 973 087)	(4 653 500)	21 319 587
Government grants and subsidies	(141 651 286)	(112 474 000)	29 177 286
Licences and permits	(8 767 667)	(259 300)	8 508 367
Public donations - Property, plant and equipment	(5 024 977)	-	5 024 977
Revenue from exchange transactions			-
Service charges	(574 483 409)	(585 935 859)	(11 452 450)
Rental of facilities and equipment	(1 065 285)	(1 425 576)	(360 291)
Interest earned investments	(21 700 289)	(12 374 866)	9 325 423
Interest earned outstanding debtors	(4 283 230)	(3 150 000)	1 133 230
Other income	(36 823 634)	(53 759 451)	(16 935 817)
Gain on disposal of property, plant and equipment	(84 105)	(44 632)	39 473
Revaluation of investment properties	(10 445 000)	-	10 445 000
<b>Total Revenue</b>	<b>(1 097 944 445)</b>	<b>(1 047 761 545)</b>	<b>(50 182 900)</b>
<b>EXPENDITURE</b>			
Executive and Council	66 668 798	68 502 367	(1 833 569)
Finance and Administration	87 935 263	77 411 117	10 524 146
Planning and Development	21 913 312	30 487 326	(8 574 014)
Health	(3 979 476)	4 397 005	(8 376 481)
Community and Social Services	16 875 254	23 187 079	(6 311 824)
Housing	6 264 759	19 350 406	(13 085 647)
Public Safety	83 477 325	76 892 730	6 584 595
Sports and Recreation	73 818 117	69 530 659	4 287 458
Waste Management	49 680 009	61 167 391	(11 487 381)
Road Transport	71 085 018	91 965 799	(20 880 780)
Electricity	494 631 771	524 828 989	(30 197 218)
<b>Total Expenditure</b>	<b>968 370 149</b>	<b>1 047 720 866</b>	<b>(79 350 716)</b>
<b>SURPLUS FOR THE YEAR</b>	<b>(129 574 296)</b>	<b>(40 679)</b>	<b>(129 533 617)</b>

	VARIANCE 2014	EXPLANATIONS OF SIGNIFICANT VARIANCE GREATER THAN 5% VERSUS BUDGET
	%	
	2,71%	n/a
	-13,41%	n/a
	-458,14%	Application of IGRAP 1
	-25,94%	Improvement in capital spending
	-3281,28%	more licences and permits issued as previously anticipated
	100,00%	Not budget for as council is not aware of any donations during the budget process
	1,95%	n/a
	25,27%	Contracts have expired
	-75,36%	Underspending on the capital budget - more investment income realised
	-35,98%	more interest on debtors realised as budgeted
	31,50%	General decrease in other income streams
	-88,44%	More gains realised as budgeted
	100,00%	Did not budget
	<b>4,79%</b>	
	-2,68%	Further analysis provided in notes to budget statement
	13,60%	Further analysis provided in notes to budget statement
	-28,12%	Further analysis provided in notes to budget statement
	-190,50%	Further analysis provided in notes to budget statement
	-27,22%	Further analysis provided in notes to budget statement
	-67,62%	Further analysis provided in notes to budget statement
	8,56%	Further analysis provided in notes to budget statement
	6,17%	Further analysis provided in notes to budget statement
	-18,78%	Further analysis provided in notes to budget statement
	-22,70%	Further analysis provided in notes to budget statement
	-5,75%	Further analysis provided in notes to budget statement
	<b>-7,10%</b>	

**KWADUKUZA MUNICIPALITY****UNAUDITED APPENDIX E(2) : ACTUAL VERSUS BUDGET  
(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

for the year ended 30 June 2014

	2014 ACTUAL	2014 UNDER CONSTRUCTION	2014 TOTAL ADDITIONS	2014 BUDGET	
	R	R	R	R	
EXECUTIVE AND COUNCIL	1 742 389	7 675 555	9 417 944	24 700 000	
FINANCE & ADMIN	1 871 987		1 871 987	7 983 332	
PLANNING & DEVELOPMENT	949 994	5 223 129	6 173 123	6 636 504	
COMMUNITY & SOCIAL SERVICES	6 155 524	9 678 401	15 833 925	45 427 176	
PUBLIC SAFETY	3 139 264		3 139 264	7 992 526	
ROADS & STORM WATER DRAINAGE	205 299	111 768 731	111 974 030	205 730 860	
ELECTRICITY	2 855 957	96 302 226	99 158 183	176 578 696	
	<b>16 920 414</b>	<b>230 648 041</b>	<b>247 568 455</b>	<b>475 049 095</b>	

	2014 VARIANCE	2014 VARIANCE	EXPLANATIONS OF SIGNIFICANT VARIANCE GREATER THAN 5% VERSUS BUDGET
	R	%	
	(15 282 056)	<b>-62%</b>	Under spending on NDPG funded, The project is in the construction phase and as be rolled over.
	(6 111 345)	<b>-77%</b>	Under-spending due to a delay on procurement of upgrade of PC's and network. A delay on construction of the wall of victims of violence and renovation to finance buildings. Savings on fleet purchase and Electronic Time management system.
	(463 382)	<b>-7%</b>	under-spending due to the delay procurement street renaming project and renovations to Town Planning's buildings.
	(29 593 251)	<b>-65%</b>	Under-spending due delay in the construction of projects,hence projects where rolled over to next financial year.
	(4 853 262)	<b>-61%</b>	A delay on procurement of a water tanker in the Fire Department due to non compliance of bidders in the scm process. A delay on implementation of the Testing Ground facility. Funds have been rolled over.
	(93 756 830)	<b>-46%</b>	Delay in the implementation of MIG projects due insufficient funding on certain individual mig funded projects. Delay on critical areas as per the roads master plan. All these projects were rolled over to the 2013/14 financial year.
	(77 420 514)	<b>-44%</b>	Delay on loan funded projects as per the Energy Master Plan. Some projects are in still the SCM process and funds were rolled over to the outer years within the MTREF. Majority of bulk supply projects have been awarded. Delays are attributed to logistical challenges
	<b>(227 480 640)</b>		

## UNAUDITED APPENDIX F : GRANTS AND SUBSIDIES RECEIVED - 2013/2014

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	UNSPENT PORTION 2012/2013 FINANCIAL STATEMENTS	ADJUSTMENTS AND TRANSFERS	QUARTERLY RECEIPTS					TOTAL RECEIPTS
				JULY TO SEPT 1	OCT TO DEC 2	JAN TO MAR 3	APRIL TO JUNE 4		
				R	R	R	R	R	
Equitable Share	National Treasury	-	1 016 000	32 736 000	25 173 000	19 641 000	-	<b>78 566 000</b>	
MIG	DPLG	23 696 547		23 146 000	-	18 695 000	-	<b>41 841 000</b>	
INEP	Integrated National Electrification Grant	-		4 000 000	1 000 000	-	-	<b>5 000 000</b>	
FMG	National Treasury	258 946	(412 000)	1 550 000	-	-	-	<b>1 550 000</b>	
LUMS	LGTA	107 000		-	-	-	-	-	
New Library	Provincial Libraries	91 150		240 000	-	-	-	<b>240 000</b>	
MSIG	LGTA	731 959		890 000	-	-	-	<b>890 000</b>	
MUSEUM	Office Of the Premier	465 577		-	-	284 000	-	<b>284 000</b>	
Property Rates Implementation	Ilembe District Municipality	31 986		-	-	-	-	-	
DPT SPORT	Department of Sports & recreation	260 486		-	-	-	-	-	
CBD REVITALIZATION	DPLG	64 101		-	-	-	-	-	
MAP	DPLG	822 903		-	-	-	-	-	
Disaster rough seas	LGTA	4 400 258		-	-	-	-	-	
RDP HOUSING	Department Of Housing	(172 134)	(79 800)	-	-	-	-	-	
iLembe Shared Services	Ilembe District Municipality	823 003		-	-	-	-	-	
Neighbourhood Development Partnership	National Treasury	-	-	2 287 000	7 297 000	13 416 000	-	<b>23 000 000</b>	
Thusong Centre		344 233		-	-	-	-	-	
Multi Purpose Centre (MPCC)		310 561		-	-	-	-	-	
ENTEMBENI/ CHARLOTDALE PRECENT		480 000		-	-	-	-	-	
CORRIDOR DEVELOPMENT		9 771 173		-	-	-	-	-	
EXPANDED PUBLIC WORKS PROGRAMME	National Treasury	603 938	(604 000)	400 000	-	600 000	-	<b>1 000 000</b>	
HOUSING ACCREDITATION FUNDING		6 846 000	4 972 800	-	-	-	-	-	
ELECTRICITY DEMAND SIDE MANAGEMENT GRANT	National Treasury	8 000 000	-	-	-	-	-	-	
		<b>58 109 820</b>	<b>4 893 000</b>	<b>65 249 000</b>	<b>33 470 000</b>	<b>52 636 000</b>	<b>-</b>	<b>152 371 000</b>	
		58 109 820.06	4 893 000	65 249 000	39 470 000	54 636 000	0	<b>160 371 000</b>	

	QUARTERLY EXPENDITURE						GRANTS AND SUBSIDIES DELAYED / WITHHELD	REASON FOR DELAY WITHHOLDING OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT FRAMEWORK IN THE LATEST DIVISION OF REVENUE ACT	REASON FOR NON-COMPLIANCE
	JULY TO SEPT 1	OCT TO DEC 2	JAN TO MAR 3	APRIL TO JUNE 4	TOTAL EXPENDITURE	UNSPENT PORTION 2013/2014 FINANCIAL STATEMENTS				
	R	R	R	R	R	R				
	32 736 000	25 173 000	19 641 000	1 016 000	<b>78 566 000</b>	-	NO	N/A	YES	N/A
	4 875 662	8 339 001	6 298 734	16 803 318	<b>36 316 716</b>	29 220 831	NO	N/A	YES	N/A
	-	622 653	-	4 190 619	<b>4 813 272</b>	186 728	NO	N/A	YES	N/A
	308 181	337 002	86 736	665 027	<b>1 396 946</b>	-	YES	Underspending	YES	N/A
	-	-	-	107 000	<b>107 000</b>	-	NO	N/A	YES	N/A
	55 189	58 331	53 225	58 056	<b>224 801</b>	106 348	NO	N/A	YES	N/A
	502 934	380 170	304 777	375 926	<b>1 563 806</b>	58 152	NO	N/A	YES	N/A
	-	86 604	284 000	-	<b>370 604</b>	378 973	NO	N/A	YES	N/A
	-	-	-	-	-	31 986	NO	N/A	YES	N/A
	16 114	16 246	16 090	13 967	<b>62 417</b>	198 070	NO	N/A	YES	N/A
	-	-	-	64 101	<b>64 101</b>	-	NO	N/A	YES	N/A
	-	-	-	-	-	822 903	NO	N/A	YES	N/A
	-	-	-	1 203 908	<b>1 203 908</b>	3 196 350	NO	N/A	YES	N/A
	-	-	-	-	-	(251 934)	NO	N/A	YES	N/A
	12 339	-	-	-	<b>12 339</b>	810 664	NO	N/A	YES	N/A
	361 623.68	1 479 229	1 920 493	3 932 946	<b>7 694 292</b>	15 305 708	NO	N/A	YES	N/A
	67 051	70 302	107 601	89 588	<b>334 542</b>	9 691	NO	N/A	YES	N/A
	44 378	97 407	2 404	96 959	<b>241 148</b>	69 414	NO	N/A	YES	N/A
	-	216 758	-	-	<b>216 758</b>	263 242	NO	N/A	YES	N/A
	166 019	-	1 332 577	2 709 462	<b>4 208 058</b>	5 563 115	NO	N/A	YES	N/A
	89 618	497 076	(586 694)	870 484	<b>870 484</b>	129 454	YES	Underspending	YES	N/A
	-	-	-	694 094	<b>694 094</b>	11 124 706	NO	N/A	YES	N/A
	-	-	-	-	-	8 000 000	NO	N/A	YES	N/A
	<b>39 235 108</b>	<b>37 373 779</b>	<b>29 460 944</b>	<b>32 891 455</b>	<b>138 961 286</b>	<b>75 476 334</b>				
	39235108.26	37373779.09	29460943.55	32891454.91	<b>138961285.8</b>	75476334.25				

## 6.1 MANAGEMENT RESPONSE AND ACTION PLAN

NO	Nature of Audit Query raised	Audit Query raised	Response from Municipality	Responsible Department/Section	Target date to resolve query
8.	<b>Significant uncertainties</b>	With reference to <b>note 34</b> to the financial statements, the municipality is a defendant in various claims. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.			
9.		With reference to <b>note 34.1</b> to the financial statements, the municipality has entered into service level agreements with property developers to reimburse them for the cost of bulk electricity. The reimbursements are dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursement cannot currently be determined and no provision for any liability that may result has been made in the financial statements.	The provision of R172M is identified. Council cannot accurately determine the date for payment. The agreement states that the reimbursement will be done only once 70% of the properties have been developed. There is also a time limit of 20 years. The developer will have to give 12 months before the payment could be made.	FINANCE: Revenue	Jun-15
10.	<b>Material losses and impairments</b>	As disclosed in note <b>32.8</b> to the financial statements, material losses of 91,37 million kilowatts amounting to R61,73 million were incurred as a result of technical and non-technical electricity distribution losses.	Council has set up a committee comprising of Technical and Finance staff to investigate and reduce this energy loss.	FINANCE: Revenue	Jun-15
11.		As disclosed in note 16 to the financial statements, the impairment on receivables increased by R16,09 million. In addition, receivables amounting to R6,60 million was written off as irrecoverable during the year.			
12.	<b>Material underspending of the capital budget</b>	As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the budget on capital expenditure to the amount of R220,34 million. This has resulted in the municipality not achieving some of its planned service delivery targets for the year.	Underspenditure was due to Service Providers underperformance - Strict measures on contract and project management have been put in place where the Service providers is failing to deliver is terminated and blacklisted. PMU has been strengthened by addition of Senior Technician PMU. Delays on the SCM processes for appointments/awards. Late registration of projects with MIG which led to poor planning, projects had been registered and additional funding had been applied for which is in the process for approval. All Expenditures incurred by Council for MIG funding will be claimed from MIG as Additional Funding Application.	ED: Civil Engineering	Jun-15

NO	Nature of Audit Query raised	Audit Query raised	Response from Municipality	Responsible Department/Section	Target date to resolve query
21.	<b>Misstatements in Annual Performance: Basic service delivery. Usefulness of reported performance information Consistency of objectives Reported objectives not consistent with planned objectives</b>	Section 41(c) of the Municipal Systems Act, 2000 (Act No.32 of 2000)(MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% of the reported objectives were not consistent with those in the approved integrated development plan. This was due inadequate reviews by senior management and the municipal council.	Alignment meetings have been held wherein working sessions were held to verify alignment between the IDP, SDBIP and the Organisational Scorecard, and will continue every Thursday in the new financial year to ensure that reporting is in accordance with all planning documents.	PM&E and all EDs	June 2015
22.	<b>Measurability of indicators Performance indicators not verifiable</b>	The FMPPi requires the performance indicator must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 24% of the indicators were not verifiable. This was because management did not adhere to the requirements of the FMPPi due to a lack of proper systems and processes.	Weekly meetings are being held where the Performance Issues are discussed and ensuring that evidence is provided for the indicators in the organisational scorecard. All departmental Heads to ensure that indicators are measurable and verifiable.	PM&E and all EDs	June 2015
23.	<b>Reliability of reported performance information Reported performance not reliable</b>	The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the lack of standard operating procedures and the fact that the municipality could not provide sufficient appropriate evidence in support of the reported performance information.	The Standard Operating Procedures for the 2014/2015 have been developed for the indicators in the organisational scorecard	PM&E and all EDs	June 2015
25.	<b>Achievement of planned targets</b>	Refer to the annual performance report on pages <b>94</b> to <b>132</b> for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development objective reported in paragraphs 21 to 23 of this report.	The organisational scorecard has been reduced to cater for all National KPIs/ Development Objectives and compliance information in order to ensure that planned targets for the year are only focused on service delivery and compliance issues. The annual report will only be based on the indicators and targets that are in the organisational scorecard. Departmental indicators will only be reported at Portfolio and council by the departments during the quarterly review sessions.	PM&E and all EDs	June 2015

## 6.1 MANAGEMENT RESPONSE AND ACTION PLAN

NO	Nature of Audit Query raised	Audit Query raised	Response from Municipality	Responsible Department/Section	Target date to resolve query
26.	<b>Adjustment of material misstatements</b>	I identified material misstatements in the annual performance report submitted for auditing in respect of the reported performance information of the basic service delivery objective. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.	Correct measurements i.e. measure potholes in number instead of square meters will be changed to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Standard Operating Procedure for the Department was developed and awaiting for approval. Evidence in support of reported performance indicator are checked and verified for proper filing. Information submitted for the annual report shall be information that appears on the scorecard, and information that is verifiable. SOPs will be developed based on the approved Organisational Scorecard.	PM&E and all EDs	June 2015
28.	<b>Strategic planning and performance management</b>	The performance management system and related controls were inadequate as they did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, as required by sections 38 of the MSA and regulation 7 of the Municipal planning and performance management regulations.	A strategic planning meeting was held with all Departments to assist with the development of systems and procedures to collect performance information for reporting purposes. A column in the Organisational scorecard has also been developed providing indicator description for all indicators in the scorecard which will also assist to further enhance system description.	PM&E and all EDs	June 2015
29.		The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(c) of the MSA.	Departments are urged to provide measures to improve performance during the quarterly reporting periods so that it is easier to manage at the end of the financial year when we prepare the annual performance report	PM&E and all EDs	June 2015
30.	<b>Non-Compliance to Laws and Regulations: Procurement and contract management</b>	Bids were not always evaluated by bid evaluation committees composed of at least one supply chain management (SCM) practitioner of the municipality, as required by municipal SCM regulation 28(2).	All Bid Committees as appointed by the Accounting Officer for the 2014/2015 Financial Year, have at least one SCM Practitioner as required by municipal SCM regulation 28(2).	Office of the Municipal Manager	June 2015
31.	<b>Expenditure management</b>	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	Strict compliance with the MFMA regulations and SCM policy; apply due diligence to ensure no payments will be incurred without following necessary procedures and where needed condonation by Council. Proper Planning to avoid variations orders and for expiry contracts SCM processes are followed in time to procure service providers. Effective; efficient and transparent systems for financial, risk management and internal controls are in place however suggest policy be developed.	ALL EDs	June 2015

NO	Nature of Audit Query raised	Audit Query raised	Response from Municipality	Responsible Department/Section	Target date to resolve query
32.	<b>Transfer of funds and conditional grants</b>	The transfer of a portion of the municipal infrastructure grant (MIG) to the district municipality was not made in terms of section 16(2) of DoRA as the payment schedule entered into between the KwaDukuza Municipality and the district municipality was not approved by the National Treasury. DoRA.	Payment schedule was submitted by Finance to National Treasury and are waiting for approval. Joint Steering Committee as per the MOU was established on 11 December 2014 and payments to Ilembe will be carried out as per payment schedule submitted and after approval by the Joint Steering Committee.	ED. CIVILS; ED:EDP; CFO	June 2015
33.		The municipality did not evaluate its performance in respect of programmes funded by the MIG and the municipal systems improvement grant, as required by section 12(5) of	The Annual MIG Performance report for 2013/2014 financial year was submitted to MANCO and awaiting for approval by Council Committee. Similar report with a Council Resolution with be submitted to both COGTA and NT. The 2014/2015 FY annual MIG performance report will be submitted to MANCO and Council in July 2015 and thereafter to COGTA and NT within two (2) months after the end of the financial year (2014/2015).	ED: Civil Engineering	Jun-15
35.	<b>Leadership</b>	The municipal council, accounting officer and senior management have not provided effective leadership and good governance by ensuring that the municipality took effective measures to address previous findings on irregular expenditure, reporting on predetermined objectives and compliance with regulations.	Strict compliance with the MFMA regulations and SCM policy; apply due diligence to ensure no payments will be incurred without following necessary procedures and where needed condonation by Council. Proper Planning to avoid variations orders and for expiry contracts SCM processes are followed in time to procure service providers. Effective; efficient and transparent systems for financial, risk management and internal controls are in place however suggest policy be developed.	All EDs	June 2015
36.	<b>Financial and performance management</b>	The accounting officer did not implement a proper record management system for the maintenance of documentation supporting reported performance and did not implement standard operating procedures to ensure that reported performance indicators are verifiable.	Weekly meetings are being held where the Performance Issues are discussed and ensuring that evidence is provided for the indicators in the organisational scorecard.	PM&E and all EDs	June 2015
37.		The accounting officer has not implemented adequate monitoring controls to ensure that the municipality complies with all key laws and regulations.	The Standard Operating Procedures for the 2014/2015 have been developed for the indicators in the organisational scorecard	PM&E and all EDs	June 2015
38.	<b>Investigation in progress</b>	The KwaZulu-Natal Provincial Treasury is investigating alleged collusion between prepaid electricity vendors and a former employee. The investigation was still in progress at the date of this report.	This investigation is still in progress. Staff have given affidavits confirming that the procedure to load load credits and that the Manager Billing has not adhered to this procedure by loading credits without payment	FINANCE: Revenue	June 2015

## APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

### • PURPOSE OF THE COUNCIL COMMITTEE

The Council continues with its role as a strong and effective advocate, lobbying on behalf of our community for action on important local issues and continues to receive grants from other spheres of government and external bodies.

List of Councillors	Political Party	Ward Represented	Planned Meetings	Council Meetings attended
Cllr. A. Gopaul	DA	Ward 16	5	4
Cllr. A. Mtolo Beardman	IFP	Party Rep	5	5
Cllr. AL. Shadaw	DA	Party Rep	5	3
Cllr. AM. McDonell	DA	Ward 22	5	3
Cllr. B. Dlavana	ANC	Ward 13	5	5
Cllr. BB. Singh	MF	Party Rep	5	5
Cllr. CN. Xulu	ANC	Party Rep	5	2
Cllr. CR. Marsh	DA	Ward 6	5	4
Cllr. D. Govender	ANC	Party Rep	5	5
Cllr. D. Singh	DA	Party Rep	5	4
Cllr. DM. Ngcobo	ANC	Ward 15	5	3
Cllr. DW. Ndimande	ANC	Ward 1	5	5
Cllr. EB. Majola	ANC	Party Rep	5	3
Cllr. EM. Kolia	DA	Party Rep	5	5
Cllr. GJ. Van Whye	ANC	Ward 3	5	5
Cllr. GN. Mbonambi	ANC	Ward 7	5	5
Cllr. GZ. Mngomezulu	ANC	Party Rep	5	4
Cllr. IT. Nxumalo	ANC	Ward 11	5	5
Cllr. JA. Vallan	ANC	Party Rep	5	4
Cllr. JLT. Sibiya	IFP	Ward 5	5	4
Cllr. JM. Banda	ANC	Ward 4	5	4
Cllr. JS. Phahla	ANC	Ward 23	5	4
Cllr. LR. Makhathini	ANC	Party Rep	5	5
Cllr. ME. Zungu	ANC	Party Rep	5	5
Cllr. MS. Mhlongo	ANC	Party Rep	5	5
Cllr. MS. Sing	DA	Ward 17	5	4
Cllr. MSCM. Motala	IFP	Party Rep	5	4
Cllr. N. Sewraj	ACDP	Party Rep	5	3
Cllr. NC. Ndlovu	ANC	Ward 14	5	4
Cllr. NG. Mthethwa	ANC	Ward 9	5	5
Cllr. NM. Hlatshwayo	ANC	Ward 26	5	5
Cllr. NP. Dube	ANC	Ward 20	5	5
Cllr. NR. Mthembu	ANC	Party Rep	5	5
Cllr. Rekka Singh	ANC	Party Rep	5	3
Cllr. RN. Pakkies	ANC	Ward 2	5	5
Cllr. S. Anamalay	IFP	Party Rep	5	5
Cllr. S. Oudhram	ANC	Ward 19	5	5
Cllr. SA. Ngwane	ANC	Ward 10	5	5
Cllr. SD. Mashiya	NFP	Party Rep	5	1
Cllr. SM. Magubane	ANC	Ward 27	5	5

List of Councillors	Political Party	Ward Represented	Planned Meetings	Council Meetings attended
Cllr. SMR. Mfeka	ANC	Ward 25	5	5
Cllr. SP. Luthuli	NFP	Party Rep	5	2
Cllr. SPC Mdletshe	ANC	Ward 18	5	3
Cllr. SS. Gumede	ANC	Party Rep	5	5
Cllr. T. Khuluse	ANC	Party Rep	5	5
Cllr. T. Ntuli	ANC	Ward 8	5	5
Cllr. TE. Msweli	ANC	Ward 24	5	2
Cllr. TK. Gumede	DA	Party Rep	5	3
Cllr. TN. Khumalo	ANC	Party Rep	5	5
Cllr. TV. Ntuli	ANC	Ward 12	5	5
Cllr. VMW. Mdluli	ANC	Ward 21	5	4
Cllr. WM. Luthuli	ANC	Party Rep	5	5
Cllr.OL. Nhaca	ANC	Party Rep	5	5

## APPENDIX B: COMMITTEE & COMMITTEE PURPOSE

### • PURPOSE OF THE MAYORAL COMMITTEE- EXECUTIVE COMMITTEE

Members of the Mayoral Committee are appointed by the Executive Mayor from among Councillors. The duties of the Mayoral Committee are to assist the Executive Mayor in the execution of his duties. The Executive Mayor may delegate specific responsibilities to each member of the Mayoral Committee. The following Councillors are the members of the Mayoral Committee of KwaDukuza Municipality.

Committees of Council	Names of Councillors	Planned Council meetings	Council Meetings attended
Executive Committee	Mayor: Cllr. RN. Mthembu	14	14
	Deputy Mayor: Cllr. D. Govender	14	12
	Cllr. MS. Mhlongo- Exco member	14	14
	Cllr. SP. Mdletshe- Exco Member	14	11
	Cllr. A. McDonell- Exco Member	13	10
	Cllr. MS. Sing- Exco Member	14	11
	Cllr. SS. Gumede- Exco Member	14	14
	Cllr. S. Oudram- Exco Member	14	14
	Cllr.JM. Banda- Exco Member	14	11
	Cllr. JLT. Sibiyi- Exco Member	14	10

## APPENDIX B(1): PORTFOLIO COMMITTEES AND PURPOSE

### • PURPOSE OF THE PORTFOLIO COMMITTEES

KwaDukuza Municipality have 5 Portfolio Committees, which are all chaired by the members of Executive Committee as prescribed by the legislation. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed.

Committees of Council	Names of Councillors	Planned Council meetings	Council Meetings attended
<b>LPA/HR Portfolio</b>	<b>Cllr.MS. Mhlongo:Chair</b>		
	Cllr. RN. Pakkies	7	7
	Cllr. DM. Ngcobo	7	6
	Cllr. JA. Vallan	7	5
	Cllr. TE. Msweli	7	2
	Cllr. EM. Kolia	7	7
	Cllr. AM. Baardman	7	7
	Cllr. J. Phahla	7	7
	Cllr. SD. Mashiya	7	6
Cllr. A. Sahadev	7	3	
Finance Portfolio	Cllr. D. Govender:Chair	9	8
	Cllr. Rekha Singh	9	9
	Cllr. OL. Nhaca	9	8
	Cllr. SA. Ngwane	9	9
	Cllr. NP. Dube	9	8
	Cllr. CN. Xulu	9	9
	Cllr. ME. Zungu	9	9
	Cllr. CR. Marsh	9	5
	Cllr. MSC. Motala	9	9
Cllr. EM. Kolia	9	9	
Infrastructure & Technical Portfolio (IAT)	<b>Cllr. S. Oudhram- Chair</b>	10	10
	Cllr. NC. Ndlovu	10	9
	Cllr. GN. Mbonambi	10	8
	Cllr. NG. Mthethwa	10	9
	Cllr. GZ. Mngomezulu	10	10
	Cllr. NM. Hlatshwayo	10	9
	Cllr. TK. Gumede	10	4
	Cllr. S. Anamalay	10	8
	Cllr. AL. Sahadan	10	8
	Cllr. SMR. Mfeka		
	Cllr. AL. Shaw		
Economic Development & Planning Portfolio	<b>Cllr. SPC. Mdletshe:Chair</b>	10	7
	Cllr. DW. Ndimande	10	10
	Cllr. VMW. Mdluli	10	10
	Cllr. B. Dlavana	10	9
	Cllr. SL. Magubane	10	10
	Cllr. TN. Khumalo	10	9
	Cllr. TK. Gumede	10	5
	Cllr. S. Anamalay	10	8
	Cllr. D. Singh	10	8
	Cllr. EB. Majola		
<b>Municipal Services Portfolio</b>	<b>Cllr. SS Gumede :Chair</b>	11	11
	Cllr. TV Ntuli	11	10
	Cllr. WM Luthuli	11	10
	Cllr. IT Nxumalo	11	8
	Cllr. Themba Ntuli	11	6
	Cllr. GJ van Whye	11	10
	Cllr. A Gopaul	11	9
	Cllr. LR Makhathini	11	5
	Cllr. AM Baardman	11	
	Cllr. D Singh		

## KWADUKUZA MUNICIPALITY ORGANOGRAM

The organisational structure below was adopted in June 2013/2014 financial year.



## APPENDIX D: FUNCTIONS OF A MUNICIPALITY

KwaDukuza Municipality is one of the Local Municipalities within the family of Ilembe District Municipality. As a Local Authority, KwaDukuza is responsible for the delivery of the following Schedule 4 Part B functions,

- Air & Noise Pollution
- Building, Trading Regulations,
- Fire Fighting Services
- Child Care Facilities
- Local Tourism
- Pontoons, Ferries, Jetties, Piers & Harbours
- Municipal Planning
- Municipal Public Transport
- Municipal Public Works
- Municipal Health Services
- Municipal Airports
- Storm Water Management
- Municipal Buildings and assets

The Municipality is also responsible for the following Schedule 5 Part B functions,

- Beaches and Amusement Facilities
- Billboards & Display of Advertisements in Public Places
- Cemeteries, Funeral Parlors & Crematoria
- Cleansing & Trade Areas
- Public, Nuisance Control Fire Fighting Services
- Liquor & Public, Nuisance Control
- Facilities for Accommodation, Care & Burial of Animals
- Fencing and Fences
- Licensing of dogs;
- Municipal Roads
- Local Amenities
- Licensing and control of undertakings that sell food to the public
- Local Sport Facilities

Below is a set of indicators that are used to guide the assessment of ward committees.

Indicators	Target
1. Number of ward committee meetings held.	1 per quarter
2. Number of meetings chaired by the ward Councilor.	1 per quarter
3. Percentage attendance	50% plus
4. Number of community meetings held	1 per month
5. Number of sectoral reports submitted.	10 per month
6. Number of ward reports submitted to the municipality.	1 per quarter

- Markets Stalls / Trade Areas
- Municipal Parks and Recreation
- Municipal Abattoirs

KwaDukuza Municipality is not responsible for the provision of water and sanitation as it is the competency of Ilembe District Municipality.

## APPENDIX E: WARD REPORTING

The new ward committee members were elected in line with the Municipal Structures Act of 1998 during the month of August 2011. KwaDukuza Municipality has 270 Ward Committees. The inauguration ceremony was held in December 2011. All ward committees are committed to serve their communities and not all are fully functional. The municipality has conducted a workshop to capacitate the ward committee component to ensure the ward committees are fully functional and effective.

Furthermore the municipality has set resources aside to assist with the operational costs of the ward committee structures to enrich public participation and therefore the IDP. Systems have also been put in place to effectively and efficiently deal with ward committee issues. The Speaker's Office is responsible for conducting monthly ward committee meetings to provide more support and ensure that issues that are deliberated at these meetings are service delivery based and that Council effectively address the issues raised at the ward committee meetings.

### WARD REPORTING IN KWADUKUZA

Our entire 27 ward Committees submit sectoral reports on a monthly basis, wherein they report against all the (legislated) functionality indicators as indicated the functionality assessment tool agreed upon by the members of the Provincial Public Participation Steering Committee and developed by the Provincial Public Participation Unit.

The functionality assessment tool is the measure to which the committees are able to fulfill their purpose. In 2013/2014 financial year the indicators assisted the KDM Public Participation Unit in checking the degree in which the committees were able to fulfill their functions.

## APPENDIX F: WARD INFORMATION

The KwaDukuza Municipality resolved to establish the Ward Committees, motivated by the Municipal Systems Act of Section 17(1), chapter 4 part 4 of the Municipality Structures Act which states that "participation by local community in the affairs of the municipality must take place through political structures for participation.

The Act also gave the Metropolitan and Local municipalities the possibilities to have ward committees as one of the specialised structures to "enhance participatory democracy in local government". KwaDukuza Municipality has provided an appropriate system and support for ward committee structures in accordance with Section 17(2) of the Systems Act, which stipulates that a municipality must establish appropriate mechanism, processes and procedures to enable the local community to participate in affairs of the municipality.

### Progress on functionality of ward committees as at end of 2013/2014 financial year

#### 1. Functionality of ward committees

Below is a table showing the number of ward committees which are functional and those that are not as at end of 2013/2014 financial year.

Total No of Wards	Functional	Non-functional	Verification	Comments
27	25	2	17 July	Supporting documents available for confirmation

#### 2. Bi-monthly meetings

The municipality conducted bi-monthly meetings of ward committees where in the Mayor's and Speaker's Offices as well as the Administration engaged with members on all service delivery related matters i.e. implementation of projects within KwaDukuza, Operation Sukuma Sakhe, Council matters, and other IGR related matters.

#### 3. Ward Committee Visitation Programme

In the said financial year, all ward committees were visited in their specific wards by the Speaker's Office. Provincial Public Participation Unit also did an unannounced visit to Madundube. Amongst other reasons why these visits were done, was to establish common understanding of the functionality of the committees, identify common challenges on the ground, assess levels of compliance as well as to show case best practices within the committees. A report detailing issues picked up in all the committees was submitted to Council for further deliberations and recommendations.

#### 4. Programme to replace ward committee

The high number of ward committees' vacancies was addressed by a programme which was developed to elect new members to serve in the structures and it ran concurrently with Mayoral Izimbizo. Some of the ward committee members also participated in Operation Sukuma Sakhe and issues discussed at the OSS platforms formed part of their monthly reports.

### Challenges

#### 1. Training of ward committees:

Training of the ward committee members has not been done due to insufficient funding.

#### 2. Payment of Out of pocket allowance:

Not all members get paid the out of pocket allowance every month. This is as a result of late or non-submission of reports by some of the members.

#### 3. Attending to service delivery issues raised in ward committee monthly reports:

Such issues are not dealt with in a comprehensive manner by the relevant departments. This at times discourages the ward committees and presents a negative to the communities out there.

Below is a list of wards within KwaDukuza and the number of voting districts in each ward.

Ward 1 = 4	Ward 15 = 3
Ward 2 = 4	Ward 16 = 3
Ward 3 = 7	Ward 17 = 2
Ward 4 = 1	Ward 18 = 2
Ward 5 = 2	Ward 19 = 3
Ward 6 = 2	Ward 20 = 2
Ward 7 = 3	Ward 21 = 3
Ward 8 = 1	Ward 22 = 5
Ward 9 = 9	Ward 23 = 3
Ward 10 = 4	Ward 24 = 3
Ward 11 = 5	Ward 25 = 4
Ward 12 = 2	Ward 26 = 2
Ward 13 = 2	Ward 27 = 4
Ward 14 = 2	

## APPENDIX G: RECOMMENDATIONS OF MUNICIPAL AUDIT COMMITTEE

### RECOMMENDATIONS

- Council should ensure that clear, relevant and time bound commitments are recorded on the Auditor-General's quarterly dash board report and should thereafter monitor the progress on a monthly basis. This will improve compliance with key internal controls and contribute to clean administration. In this regard it is imperative that the accounting officer provide the required resources such as staff and space to establish an efficient and effective registry to ensure proper document management.
- The accounting officer should monitor progress made with management's action plan to address the Auditor-General's audit findings on a monthly basis. Council should monitor progress quarterly in conjunction with the dash board report.
- The accounting officer should set clear timelines and procedures for organisational as well as individual performance evaluations. Council should monitor compliance with these timelines and procedures and should take the necessary action against senior employees who do not respond appropriately and on a timely basis.
- Council should ensure that adequate financial and staffing resources are made available on an urgent basis for the Internal Audit function to be efficient and effective. This will contribute to the IAD submitting reports on a timely basis to the Audit and Performance Audit Committees to fulfill their mandate.
- Council should ensure that it has sufficient and appropriate manpower resources and processes to be able to fully utilise grants within the prescribed time frames.
- The accounting officer should attend to the internal audit report on tenders and contracts as a matter of urgency and report back to the Audit Committee at its next meeting. We would also recommend that this matter be referred to MPAC for investigation.
- Council should ensure awareness of the policies on Ethics, Whistleblowing and Fraud and Corruption by means of workshops with the relevant stakeholders, and roll out to staff.
- Council should ensure that the Risk Management Committee is functioning effectively to facilitate the execution of the risk management processes as a key enabler to achieving the business objectives and programme goals of the Municipality. In this regard a Risk Officer should be appointed as a matter of urgency to assist the Audit and Performance Audit Committees in fulfilling their oversight role on risk management.

## APPENDIX H: SERVICE PROVIDER PERFORMANCE SCHEDULE

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order. The following are the service providers engaged in each business unit during the 2013/2014 financial year.

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
L C Smith	Rental of Property	Provision of rental property to Finance staff Month to Month contract	N/A	R22 400 per month	N/A	Good	
First National Bank	Banking Services	Provision of banking services Tender process still in progress	N/A	N/A	N/A	Good	
VIP	Payroll services	VIP Software to assist in the payroll process	N/A	VIP is paid an annual license fee and thereafter payment is made as and when the support service is required.	N/A	Good	
BAUD (PWC)	Updating of Fixed Asset Register	Updating the FAR on a monthly basis to upload the Acquisitions Annual Contract		R35 809,68 per month	Monthly uploading of capital accruals onto the Asset Management system.	Good	
M Dickason	Consulting Budget and Compliance	Provision of advisory services to Budget and Compliance	N/A	N/A	Mr. Dickason's contract ended 31 December 2013.	Good	
KZN Oils	Provision of Fuel	Provision of Fuel			On-going	Poor- non-execution of services contracted for	
Korbitect	Electronic Rates Clearance	Electronic Rates Clearance		N/A	N/A	Good	
Windeed	Deeds Information	Provision of deeds information to assist the Revenue dept.		Payments based on the number of searched done, and the types of searches performed.	On-going	Good	
evaluation	Maintenance of Valuation Roll	Maintenance of Valuation Roll		R683 179.2	3 year contract ending – deliverables: 2 supps per year	Good	
evaluation	General property evaluation for implementation 01.07.2015	General property evaluation for implementation 01.07.2015	MN197/2013	R5 562 390.60		N/A	
Asmal & Asmal	Legal Services	Provision of external legal services			On-going	Good	
Sham & Meer	Legal Services	Provision of external legal services			The % collection decreased from May 2014 due to the director from the law firm being in the service of the state. No further work was submitted to this law firm.	Good	

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Naicker & Naicker	Legal services	Provision of external legal services			On-going	Good	
L C Smith	Legal Services	Provision of external legal services			The % collection decreased from May 2014 due to the director from the law firm being in the service of the state. No further work was submitted to this law firm.	Good	
J Pundit	Legal Services	Provision of external legal services			On-going	Good	
Tyral Superette	Prepaid Vendor Services	Sale of prepaid electricity cards.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Thembeni General Dealer	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Satisfactory	
Zibuyile Transport	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Sqeda General Dealer	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Vuyokazi Tuck Shop	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
C A Naidoo Brothers	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Shakas Butchery	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Satisfactory	
Gledhow Mini Market	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Amod Adam Cons	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Stanger SuperSpar	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Mecca Hardware	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
S E Manga & Sons	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Njabulo Trading	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Poor	
Singh's fruit & veg	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Stanger Spar	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	
Toopans Store	Prepaid Vendor Services	Sale of prepaid electricity cards. Function now controlled by contour who acts as an agent on behalf of KDM since 01st April 2014.			Between July 2013 and March 2014, the sale of prepaid cards was overseen by the Kwadukuza Municipality. Service providers entered into a month-to-month contract. This function was then outsourced to Contour in April 2014.	Good	

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
CONTOUR	Management of a STS compliant electricity vending system	Supply installation and management of a STS compliant electricity vending system		Total price of R73 750.00 (vat excl) based on 25000 electrical meters at the price of R2.95 (vat excl) per electrical meter  Total price of R177 000.00 (vat excl) based on 2.95% of kWh sales and non-prepaid sales	On-going	Good	
AON	Short term Insurance	Provision of short term insurance for a period of 36 months	MN26/2013	R1 634 892.53	On-going	Satisfactory	
UWP Consultants	Master plan and MIG Programme	Shakashead s/w	MN 200/2012	R 1 300 000-00	Target met	Good	
		Lindsay rd	MN 281/2013	R 800 000-00	Project diverted	N/A	
		Lindelani rd	MN 201/2012	R 227 007-00	Target met	Good	
		Happy Valley	MN 202/2012	R	Target met	Good	
		Mbozamo s/w	MN 203/2013	R 1 891 551-51	Target met	Good	
		Haysom road	MN 99/212	R 682 000-00	Target met	Good	
		Sakhumkhanya	MN 150/2011	R 4 760 350-00	Project on going	Good	
		Groutville Access	MN 162/2011	R 2 123 636-00	Target met	Good	
Iliso Consultants	Master Plan and MIG Programme	Ward line channel	MN 283/2013	R 1 038 000-00	Hand over stage	Good	
		Black top gravel road	MN 284/2012	R 1 136 590-00	In progress	Good	Nothing within time
		Nyathikazi Project	MN 48/2013	R 5 037 000-00	Practical completed	Good	Nothing
		Dube drive	MN 49/2013	R 2 591 000-00	Practical completed	Good	Nothing
Dartingo Consultants	Master Plan and MIG Programme	Etete bus route	MN 52/2013	R 2 640 220-00	In progress	Good	Need follow up on project
		Albert Luthuli	MN 53/2013	R 4 104 564-30	In progress	Good	Need to complete by December 2014
Aurecon Consultants	Master Plan and MIG Programme	San Succi rd	MN 186/2013	R 3 950 000-00	In progress	Good	Follow up with consultant
Bluhray/Project managers	Master Plan and MIG Programme	Construction of 700m channels	MN 35/2012	R 990 789-00	In progress	Satisfactory	Follow up with consultant
		Construction of 400m culvert	MN 268/2012	R 1 440 000-00	In progress	Satisfactory	Follow up with consultant
		Construction of 400m gabion lining	MN 269/2012	R 2 208 791-00	In progress	Satisfactory	Follow up with consultant
Siqu consultants	Master Plan and MIG Programme	Ronald Jack rd	MN 185/2013	R 1 680 000-00	Practical completed	Good	Nothing
		Charlotdale Observation Rock	MN 36/2013	R 1 181 359-00	In progress	Satisfactory	Follow up with consultant
SMA Consultants	Master Plan and MIG Programme	Ntshawini/ Hlalanathi rd's	MN 97/2011	R 8 253 075-60	In progress	Good	Nothing
		Shakashead Link Rd	MN 98/2011	R 5 427 375-00	Target met	Good	Nothing
		Criss Hani Rd	MN 88/2013	R 3 262 442-00	Target met	Good	Nothing

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
SMA Consultants	Master Plan and MIG Programme	Mgigimbe Community Hall	MN 42/2014	R 880 000-00	Transferred to Dartingo	N/A	N/A
		Lindelani sportsfield	MN 13/2014	R 972 834-00	In progress	Good	Close to completion
		Nonoti Main Rd	MN 89/2013	R 6 160 420-00	Not awarded	N/A	SCM process
		Shakaville sportsfield	MN 12/2013	R 2 533 200-84	Target met	Good	Nothing
		CBD s/w analysis	MN 294/2013	R 6 948 157-00	In progress	Good	Contract recently awarded
		Mnyundwini Bus Route	MN 91/2013	R 4 470 553-00	Target met	Good	Nothing
		Mbozao Bus Route	MN 50/2013	R 3 273 000-00	Target met	Good	Nothing
		Charlottdale Bus Route	MN 51/2013	R 3 220 645-92	In progress	Good	Completed in August 2014
		Malende Bus Route	MN 92/2013	R 3 620 208-00	Cancelled	N/A	N/A
		Ward 17 Community Hall	MN 233/2012	R 2 850 000-00	In progress	Good	Follow up with consultants
ZAI Consultants	Master Plan and MIG Programme	Ward 16 road rehabilitation	MN 61/2013	R 2 057 391-00	Project to be cancelled	Poor	Appoint new contractor Section 36
		Ward 17 road rehabilitation	MN 62/2013	R 3 060 091-00	Project to be cancelled	Poor	Appoint new contractor Section 36
		Ward 1 Chip and spay	MN 257/2013	R 1 044 703-00	Project back to SCM	Poor	Back to SCM process to appoint contractor
		Siyembesi Access Rd	MN 78/2013	R 5 568 064-38	In progress	Poor	Follow progress with consultant
SIVEST Consultants	Master Plan and MIG Programme	Ekamu Rd	MN 184/2013	R 3 228 530-00	In progress	Good	Nothing yet
BMK Consultants	Master Plan and MIG programme	Manor Liquor s/w	MN 199/2013	R 727 400-00	Target met	Good	Nothing
		Ntshaweni Access Rd	MN 24/2013	R 5 898 035-00	Referred back	N/A	Follow up with SCM and Consultant
RPD Consultants	Master Plan and MIG Programme	Qwabe Rd	MN 187/2013	R 3 173 562-00	Target met	Good	Nothing
		Madundube Sports field	MN 25/2014	R 3 149 851-00	SCM Process	N/A	Follow up with SCM Process
SMEC Consultants	Master Plan and MIG Programme	Ballito Drive P445	MN 195/2012	R 54 000 000-00	In progress	Good	Follow up on contractor to complete in November 2014.
Aurecon Consultant & Raw Power(Pty) Ltd	yes	Lavoipierre to Hesto & BW Charles – Lavoipierre to CBD 11kV cables	MN 128/2012	R5,353,267.10	June 2014		N/A
Aurecon Consultant & NCo Electrical	yes	Upgrade MV Networks North and South – 2011/2012	MN 15/2011	R2,349,609.94	June 2014	N/A	Contract cancelled due to erratic performance of contractor experiencing company cash flow problems
Aurecon Consultant & Malesela Transmission and Distribution	yes	Upgrade Bilkis Street Switchroom (Upgrade substations North)	MN 121/2012	R2,036,496.24	June 2015	Good	N/A

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Aurecon Consultant & Malesela Transmission and Distribution	yes	Upgrade Hydrangea Road Switchroom (Upgrade substations North)	MN 122/2012	R3,770,080.02	June 2015	Good	N/A
Aurecon Consultant & Edison Power Electrical (Pty) Ltd	yes	Sappi Interconnector 33kV Overhead Line	MN 126/2012	R602,992.06	June 2015	Good	N/A
Aurecon Consultant & Cato Ridge Electrical	yes	Glenhills to Lavoipierre 33kV cable	MN 123/2012	R2,231,213.55	June 2014	Good	N/A
Aurecon Consultant & Powertech System Integrators (Pty) Ltd	yes	Groutville Priority One 33kV Sub Station	MN 243/2013	R31,220,979.69	June 2016	Good	N/A
Aurecon Consultant & Cato Ridge Electrical	yes	Saunders Street 11kV Switchroom	MN 33/2012	R5,906,413.99	June 2015	Good	N/A
Aurecon Consultant & Cato Ridge Electrical	yes	CBD 11 kV Switchroom	MN 34/2012	R6,798,226.43	June 2015	Good	N/A
Aurecon Consultant & Cato Ridge Electrical	yes	Hesto 11kV Switchroom	MN 35/2012	R5,918,104.78	June 2015	Good	N/A
Aurecon Consultant & Solethu Energy (Pty) Ltd	yes	11kV Cables Saunders Street to Glenhills s/s	MN 129/2012	R7,054,000.00	June 2014	Good	N/A
Aurecon Consultant & Consolidated Power Projects (Pty) Ltd	yes	Industrial Sub Station 2 x 10 MVA Transformers	MN 130/2012	R10,928,334.50	June 2014	Good	N/A
Aurecon Consultant & Geeco	yes	Lavoipierre 33kV Feeder Bay Refit	MN 152/2013	R2,360,015.21	June 2015	Good	N/A
Aurecon Consultant & Edison Power Electrical (Pty) Ltd	yes	Chantilly Siyembezi Switchroom and Feeders	MN309/2013	R3,661,527.73	June 2015	Good	N/A
Aurecon Consultant & Cato Ridge Electrical	yes	11kV cable Sheffield Substation to Villages Switchroom	MN 133/2012	R4,744,377.39	June 2014	Good	N/A

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Elliott Breytenbach and Gray Consultant & Siemens	yes	Sheffield 33/11kV Substation 2 x 10MVA Transformer	MN 171/2011	R26,253,304.46	June 2014	Good	N/A
Aurecon Consultant & Edison Power Electrical (Pty) Ltd	yes	Driefontein 33kV Overhead Line Upgrade	MN 109/2011	R6,399,222.81	June 2014	Good	N/A
Aurecon Consultant & Geeco	yes	Ballito Old CBD 11kV Switchroom	MN 268/2013	R3,222,984.89	June 2015	Good	N/A
Aurecon Consultant & Edison Power Electrical (Pty) Ltd	yes	KwaDukuza Infills 2012/2013 & 2013/2014	MN 219/2012	R15,671,610.88	June 2015	Good	N/A
Aurecon Consultant & NCo Electrical	yes	KwaDukuza Infills 2011/2012	MN 16/2011	R1,229,698.48	June 2014	Poor	Poor Performance of NCo Electrical resulted in scope of contract being reduced so as to close out contract – New Contractor to be appointed to complete balance of works.
AON	Short term Insurance	Provision of short term insurance for a period of 36 months	MN26/2013	R1 634 892.53	On-going	Satisfactory	
Bona Electrical Solutions	Acquisition, implementation and maintenance of electronic time management system	Acquisition, implementation and maintenance of electronic time management system	MN236/2012	R 455944.53	On going	Good	
Black Balance (PTY) Ltd	Professional Services	Land Audit	MN55/2013	R748 296-00	Auditing of Council own land	Good	Inception, minutes of PSC Meeting and Situational Analysis
Royal Hosken (RHDV)	Professional Services	Compensation Nodal plan	MN67/2013	R492 480-00	Nodal Planning	Good	Inception, minutes of PSC Meeting and Situational Analysis
Fezeka Business Services	Implementing Agent	KwaTwele Housing Project packaging	MN 117/2013	Prevailing Housing Quantum per site when they invoice KDM. Total be determine after completion of feasibility which will indicates number of developable site.	Pre-feasibility studies	Good	Inception report, survey report and monthly progress reports
Mabune Consulting	Implementing Agent	Monkey Town Housing Project Packaging	MN119/2013	Prevailing Housing Quantum per site when they invoice KDM. Total be determine after completion of feasibility which will indicates number of developable site.	Pre-feasibility studies	Good	Inception report, survey report and monthly progress reports

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Mandlethu Projects	Implementing Agent	Ohlange and SanSuaceHousing Project	MN116/2013	Prevailing Housing Quantum per site when they invoice KDM. Total be determine after completion of feasibility which will indicates number of developable site.	Pre-feasibility studies	Good	Inception report, survey report and monthly progress reports
Siyamthanda	Implementing agent	Hangoes Housing Project Planning	MN 118/2013	Prevailing Housing Quantum per site when they invoice KDM. Total be determine after completion of feasibility which will indicates number of developable site.	Pre-feasibility studies	Good	Inception report, survey report and monthly progress reports
Motheo Group	Construction Services	Building of 900 houses and basic infrastructure	MN/	R67 million	300 houses	Good	Payment certificates, monthly reports and D7 form & Sanitation Challenges has been addressed through provision of temporary infrastructure (VIP toilets) whilst the bulks are constructed.
Zikhulise Cleaning and Maintenance Services	Construction Services	Building of 1900 houses and infrastructure	MN/	R167 million	500 houses	Good	Payment certificates, monthly reports and D7 form & Sanitation Challenges has been addressed through provision of temporary infrastructure (VIP toilets) whilst the bulks are constructed.
Gibb	Implementing Agent (supervision of contractor)	Groutville Priority 2		Engineers and project manager quantum as per house completed.	Supervision of contractors	Good	Payment certificates, monthly reports and D7 form
Gibb	Implementing Agent (supervision of contractor)	Groutville Priority 5		Engineers and project manager quantum as per house completed	Supervision of contractors	Good	Payment certificates, monthly reports and D7 form
TP Ngcobo & Associates	Project Manager	Dube Village [C]	Old project		Construction and close out stage	Satisfactory	Report and intervention done to close the project
TP Ngcobo & Associates	Project Manager	Aldinville [C]	Old project	R28 000 000-00	Blocked project	Good	Funds reconciliation report, Internal audit report and minutes of meetings
TP Ngcobo & associates	Project Manager	Ntshawini [P]	Old project	Prevailing Housing Quantum per site when they invoice KDM.	Housing planning	Satisfactory	Monthly reports and bulk sanitation infrastructure business plan
TP Ngcobo & Associates	Project Manager	Charlottedale [P]	Old project	Prevailing Housing Quantum per site when they invoice KDM.	Housing Planning	Satisfactory	Expropriation government gazette and proof of payment/ transfer

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
TP Ngcobo & Associates	Project Manager	Sakhamkhanya [P]		R222 million	Procurement of contractor stage	Good	Bid specification committee minutes, tender adverts, tender documents and minutes of compulsory briefing session
TP Ngcobo & Associates	Project Manager	Sokesimbone [P]	Old project	Prevailing Housing Quantum per site when they invoice KDM.	Planning	Good	PDA Approved and attending to land ownership issue with the development trust.
TP Ngcobo & associates	Project Manager	Shayamoya [C]		Adjustment of subsidy required to determine market related amount in line with Housing Quantum	Construction	Satisfactory	Build the outstanding eight houses and deal with poor workmanship in some houses.
TP Ngcobo & Associates	Project Manager	Groutville Priority 1 [C]		R850 per site (remaining transfers)	Construction	Satisfactory	Finalized transfer of houses to correct beneficiaries,
Motheo Group	Project Manager	Etete Phase 4 [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Good	PDA approval – resolution
Ilisu	Project Manager	Driefontein [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Good	PDA approval – resolution
Hannes Struwig	Project Manager	Mgigimbe [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Satisfactory	PDA process underway and land issues are being addressed.
SMW Consultants	Project Manager	Shakashead Phase 2 [C]		Adjustment of subsidy required to determine market related amount in line with Housing Quantum	Construction stage	Poor	Build outstanding houses and finalized township establishment,
SMW Consultants	Project Manager	Steve Biko Phase 2 [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Good	PDA approval – resolution
SMW Consultants	Project Manager	Nonoti Mouth [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Poor	Project manager is ill and new project manager to take over the project in 2014/2015.
Isiphethu Development Consultants	Project Manager	Nyathikazi [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Good	Stage 1 approval letter and Expropriation notices.
CHS Developments	Implementing Agent	Madundube [P]		Prevailing Housing Quantum per site when they invoice KDM.	Planning	Satisfactory	Signed sales agreement and expropriation underway

Assessment of External Service Providers							
External Service Provider	Service provided in terms of signed SLA	PROJECT NAME	PROJECT TENDER NO.	TENDERED AMOUNT/ ESTIMATES	Performance Target/	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
SMA	Implementing agent	Gaza Strip [C]			Construction	Good	Funding approval and beneficiary disputes are being addressed
SMA	Implementing agent	Lindelani Phase 1[C]			Construction	Satisfactory	Transfers outstanding and few houses not built due to various reasons.
Mark Linley	Project manager	Extension 46[C]			Construction / close out stage	Satisfactory	Transfers outstanding
SMA	Project manager	Extension 46 Phase 2[C]			Construction / close out stage	Satisfactory	Transfers outstanding
Motheo Group	Project manager	Extension 36[C]			Construction and close out	Satisfactory	Transfer outstanding
SMA	Project manager	Senzangakhona/ Mazakhele [C]			Construction	Good	Certified proof of payment and happy letters.
SBP Project managers	Implementing agent	Siyembezi Phase 1[C]			Construction	Good	Certified proof of payment and happy letters.
Simsi Construction	Implementing agent	Rocky Park [C]			Construction	Good	Certified payment certification, list of beneficiaries for allocation and photos,
Simsi Construction	To be confirmed	Hyde Park Sugar Estate [P]			Planning	Good	Layout plans and reviewed EIA/PDA application
SBP Project Managers	Implementing agent	Siyembezi Phase 2			Close out	Good	Approval letter
SMW Consultants	Project Manager	Shakashead Phase 1			Close out	Satisfactory	Transfers
SMA Consultants	Project Manager	Steve Biko Phase 1			Close out	Satisfactory	Transfers
Amaqhawe Consultants	Project Manager	Mbozamo Phase 1 (Rectification Project)		R22 million	Rectification Planning	Good	Survey and geotech reports.
Motheo Group	Project manager	Etete Phase 2b			Close out	Satisfactory	Transfer and close out
Barry Theunissen	Project manager	Emdlebeni			Close out	Poor	Recommended for rectification
Simsi Construction	Implementing Agent	Hyde Park Country Estae			Planning	Good	Monthly reports, PDA applications
SMA Consultants	Project manager	Nkobongo			Construction and close out	Poor	Recommended for rectification

**Table 32:** Performance of Service Providers

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

## FINANCIAL DISCLOSURE FORM

I, the undersigned (surname and initials) MDAKANE NS  
of P.O. BOX 70 KWADUKUZA (Postal  
address) and 36 PAVILANE  
LADISMI 4 (Residential address)  
employed as MUNICIPAL MANAGER at the KWADUKUZA MUNICIPALITY.

Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

1. Shares and other financial interests (Not bank accounts with financial institutions)

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
NONE			

2. Directorships and Partnerships

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
NONE		

3. Remunerated work outside the Municipality (As sanctioned by Council)

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
NONE		

Council sanction confirmed :

Signature of the Mayor :  Date : 23-07-13

N.2

  
NS

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

NONE

Name of client	Nature	Type of business activity	Value of benefits received

### 5. Sponsorships

See information sheet: Note (5)

NONE

Source of sponsorship	Description of sponsorship	Value of sponsorship
NONE		

### 6. Gifts and hospitality from a source other than a family member

See information sheet: Note (6)

Description	Value	Source
NONE		

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
HOUSE	450m <sup>2</sup>	LA043m114	R 600 000
HOUSE	1200m <sup>2</sup>	LA043m114	R 950 000
FLAT	250m <sup>2</sup>	FR00214	R 450 000

SIGNATURE OF EMPLOYEE

DATE: 23/07/2013

PLACE: KWAAIKUZA

DERAN JANSE VAN RENSBURG  
 ASSISTANT DIRECTOR: LEGAL & ESTATES  
 COMMISSIONER OF TAXES  
 DEPT OF FINANCE  
 CIVIC BUILDING, GRIFF ALBERT LUTHERJE  
 WINDROOSIG 400  
 TELEPHONE: 0333 437 3042

N.C

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the contents of the declaration?

Answer YES

(ii) Do you have any objection to taking the prescribed oath or affirmation?

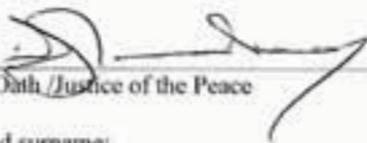
Answer NO

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer YES

2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.

  
Commissioner of Oath / Justice of the Peace

**DERAN JANSE VAN RENSBURG**  
ASSISTANT DIRECTOR: LEGAL & ESTATES  
COMMISSIONER OF OATHS  
EX OFFICIO  
CIVIC BUILDINGS, CHIEF ALBERT LUTHULI ST.  
KWAZULU-NATAL  
TELEPHONE: (031) 07 9642

Full first names and surname: \_\_\_\_\_ (Block letters)  
Designation (rank): \_\_\_\_\_ Ex Officio Republic of South Africa  
Street address of institution: \_\_\_\_\_  
Date: \_\_\_\_\_  
Place: \_\_\_\_\_

CONTENTS NOTED: BY MAYOR \_\_\_\_\_

DATE: \_\_\_\_\_

N.R.

NJ

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL DISCLOSURE FORM

The following notes is a guide to assist with completing the Financial Disclosure form (Annexure A):

**NOTE 1: Shares and other financial interests**

Designated employees are required to disclose the following details with regard to shares and other financial interests held in any private or public company or any other corporate entity recognised by law:

- The number, nature and nominal value of shares of any type;
- The nature and value of any other financial interests held in any private or public company or any other corporate entity; and
- The name of that entity.

**NOTE 2: Directorships and partnerships**

Designated employees are required to disclose the following details with regard to directorships and partnerships:

- The name and type of business activity of the corporate entity or partnership/s; and
  - The amount of any remuneration received for such directorship or partnership/s.
- Directorship includes any occupied position of director or alternative director, or by whatever name the position is designated.
- Partnership is a legal relationship arising out of a contract between two or more persons with the object of making and sharing profits.

**NOTE 3: Remunerated work outside the Municipality (As sanctioned by Council)**

Designated employees are required to disclose the following details with regard to remunerated work outside the public service:

- The type of work;
  - The name and type of business activity of the employer; and
  - The amount of the remuneration received for such work.
- Remuneration means the receipt of benefits in cash or kind, and work means rendering a service for which the person receives remuneration.

**NOTE 4: Consultancies and retainerships**

Designated employees are required to disclose the following details with regard to consultancies and retainerships:

- The nature of the consultancy or retainership of any kind;
- The name and type of business activity, of the client concerned; and
- The value of any benefits received for such consultancy or retainerships.

N.C

NJ

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### NOTE 5: Sponsorships

Designated employees are required to disclose the following details with regard to sponsorships:

- The source of the sponsorship;
- The description of the sponsorship; and
- The value of the sponsorship.

### NOTE 6: Gifts and hospitality from a source other than a family member

Designated employees are required to disclose the following details with regard to gifts and hospitality:

- A description and the value and source of a gift with a value in excess of R350.00;
- A description and the value of gifts from a single source which cumulatively exceed the value of R350.00 in the relevant 12 month period; and
- Hospitality intended as a gift in kind.

Designated employees must disclose any material advantages that they received from any source e.g.

any discount prices or rates that are not available to the general public. All personal gifts within the family

and hospitality of a traditional or cultural nature need not be disclosed.

### NOTE 7: Land and Property

Designated employees are required to disclose the following details with regard to their ownership and

other interests in land and property (residential or otherwise both inside and outside the Republic):

- A description of the land or property;
- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

N2

N3

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

## FINANCIAL DISCLOSURE FORM

I, the undersigned (surname and initials) MANZINI AM  
of P.O. BOX 2588 STANFEL 4452 (Postal address) and 62 Valley Road Amnell (Residential address)  
employed as ED. Corporate Governance at the Kwadukuzi

Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

**1. Shares and other financial interests (Not bank accounts with financial institutions)**

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
/			/

**2. Directorships and Partnerships**

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
/		/

**3. Remunerated work outside the Municipality (As sanctioned by Council)**

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
/		/

Council sanction confirmed :

Signature of Municipal Manager: [Signature] Date: 23/07/2013.

AM

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

Name of client	Nature	Type of business activity	Value of benefits received
/	/	/	/

### 5. Sponsorships

See information sheet: Note (5)

Source of sponsorship	Description of sponsorship	Value of sponsorship
/	/	/

### 6. Gifts and hospitality from a source other than a family member

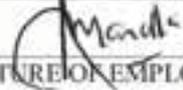
See information sheet: Note (6)

Description	Value	Source
/	/	/

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
Lot 658	2005qm <sup>2</sup>	Palm Lakes	R 186 000
Lot 3102	8005qm <sup>2</sup>	Darnall	R 900 000

  
 SIGNATURE OF EMPLOYEE  
 DATE: 2013. 07. 23.  
 PLACE: Kwa-Dukuza

  
 DERAN JANSE VAN RENSBURG  
 ATTORNEY (SOLICITOR) LEGAL & ESTATE  
 CONSULTANTS OF GANS  
 277 RICHMOND  
 CIVIC CENTRE, CAPE TOWN 8001 SOUTH AFRICA  
 WWW.DJVR.CO.za  
 TELEPHONE 021 421 1443

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

## OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the contents of the declaration?

Answer yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

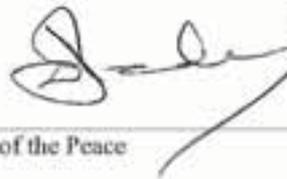
Answer No

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer yes

2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.



DERAN JANSE VAN RENSBURG  
REGISTERED PRICITIONER-LEGAL & ESTATE  
CORPORATE & BANKING  
(EX OFFICIO)  
CIVIL ENGINEER, CIVIL ALLIANT LUTHELI ST.  
BAGELUNGATA 4008  
TELEPHONE: 0421 411 844

Commissioner of Oath /Justice of the Peace

Full first names and surname: \_\_\_\_\_ (Block letters)  
Designation (rank): \_\_\_\_\_ Ex Officio Republic of South Africa  
Street address of institution: \_\_\_\_\_

Date: 2013/07/23  
Place: KWADUKUZA



CONTENTS NOTED: MUNICIPAL MANAGER

DATE: 23/07/2013

N/S  
AMM

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL DISCLOSURE FORM

The following notes is a guide to assist with completing the Financial Disclosure form (Annexure A):

**NOTE 1: Shares and other financial interests**

Designated employees are required to disclose the following details with regard to shares and other financial interests held in any private or public company or any other corporate entity recognised by law:

- The number, nature and nominal value of shares of any type;
- The nature and value of any other financial interests held in any private or public company or any other corporate entity; and
- The name of that entity.

**NOTE 2: Directorships and partnerships**

Designated employees are required to disclose the following details with regard to directorships and partnerships:

- The name and type of business activity of the corporate entity or partnership/s; and
  - The amount of any remuneration received for such directorship or partnership/s.
- Directorship includes any occupied position of director or alternative director, or by whatever name the position is designated.
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  - The name and type of business activity of the employer; and
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**NOTE 4: Consultancies and retainerships**

Designated employees are required to disclose the following details with regard to consultancies and retainerships:

- The nature of the consultancy or retainership of any kind;
- The name and type of business activity, of the client concerned; and
- The value of any benefits received for such consultancy or retainerships.

NJ  
Ann

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### NOTE 5: Sponsorships

Designated employees are required to disclose the following details with regard to sponsorships:

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- The description of the sponsorship; and
- The value of the sponsorship.

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- A description and the value of gifts from a single source which cumulatively exceed the value of R350.00 in the relevant 12 month period; and
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any discount prices or rates that are not available to the general public. All personal gifts within the family and hospitality of a traditional or cultural nature need not be disclosed.

### NOTE 7: Land and Property

Designated employees are required to disclose the following details with regard to their ownership and other interests in land and property (residential or otherwise both inside and outside the Republic):

- A description of the land or property;
- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

NJ  
AMM

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### FINANCIAL DISCLOSURE FORM

I, the undersigned (surname and initials) HONGWANE SV  
of P.O. BOX 220 MOOI RAPS. (Postal  
address) and NO 5, SHEFFIELD GARDENS,  
SALT ROCK, UMLINGU, (Residential address)  
employed as ED: EAP at the KWADUKUZA CM

Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

1. **Shares and other financial interests (Not bank accounts with financial institutions)**

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
20	Preferential	R18 000	SASOL - INZANI

2. **Directorships and Partnerships**

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
HASEUS COST DEVELOPMENT AGENCY.	DCU AGENCY	Remuneration I in the past of remuneration my name with CEPC.

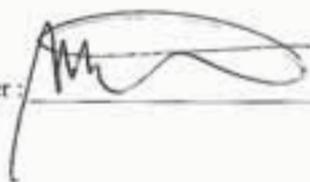
3. **Remunerated work outside the Municipality (As sanctioned by Council)**

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
N/A		

Council sanction confirmed :

Signature of Municipal Manager :

 Date: 04/08/2014  
N. J. SOUTHWELL W.M.

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

Name of client	Nature	Type of business activity	Value of benefits received
N/A			

### 5. Sponsorships

See information sheet: Note (5)

Source of sponsorship	Description of sponsorship	Value of sponsorship
N/A		

### 6. Gifts and hospitality from a source other than a family member

See information sheet: Note (6)

Description	Value	Source
N/A		

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
LOT 1473 DAIRY ETA, MABHELE.	400 SQM	MABHELE	R1,100,000.00 HEM KHELE.

  
SIGNATURE OF EMPLOYEE

DATE: 31 July 2014

PLACE: Kwadukuza

NJ

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the contents of the declaration?

Answer Yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

Answer No

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer Yes

2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.



WILLIAM MTHANGENI MKHIZE

EX OFFICIO ADMINISTRATION OFFICER

KWADUKUZA MUNICIPALITY

COMMISSIONER OF OATHS

(EX OFFICIO)

TEL : 032 437 5000

FAX : 032 437 5088

Commissioner of Oath / Justice-of-the-Peace

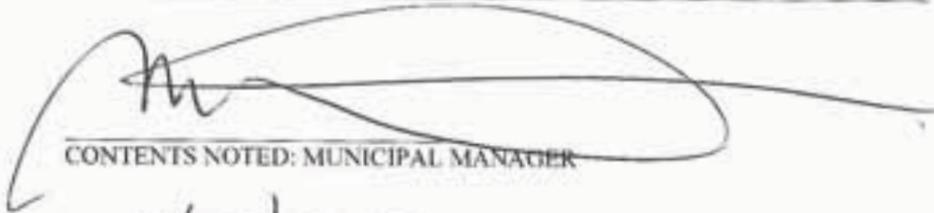
Full first names and surname: \_\_\_\_\_ (Block letters)

Designation (rank): \_\_\_\_\_ Ex Officio Republic of South Africa

Street address of institution: \_\_\_\_\_

Date: 01/08/2014

Place: \_\_\_\_\_



CONTENTS NOTED: MUNICIPAL MANAGER

DATE 31/07/2014

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL DISCLOSURE FORM

The following notes is a guide to assist with completing the Financial Disclosure form (Annexure A):

#### NOTE 1: **Shares and other financial interests**

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- The amount of any remuneration received for such directorship or partnership/s.

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- The type of work;
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- The nature of the consultancy or retainership of any kind;
- The name and type of business activity, of the client concerned; and
- The value of any benefits received for such consultancy or retainerships.

SUH NJ  
ww

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### NOTE 5: Sponsorships

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- The description of the sponsorship; and
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- A description and the value of gifts from a single source which cumulatively exceed the value of R350.00 in the relevant 12 month period; and
- Hospitality intended as a gift in kind.

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other interests in land and property (residential or otherwise both inside and outside the Republic):

- A description of the land or property;
- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

SUH N'S  
ww

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### FINANCIAL DISCLOSURE FORM

I, the undersigned (surname and initials) R.A.J. COOMAR S.M.  
of 14 ROSE AVE, STANLIE MANOR, STANDB (Postal  
address) and AL ABOVE (Residential address)  
employed as CHIEF FINANCIAL OFFICER at the KWADUKUZA MUNICIPALITY

Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

**1. Shares and other financial interests (Not bank accounts with financial institutions)**

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
<u>PLEASE SEE ATTACHED</u>			

**2. Directorships and Partnerships**

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
<u>NONE</u>		

**3. Remunerated work outside the Municipality (As sanctioned by Council)**

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
<u>N/A</u>		

Council sanction confirmed :

Signature of Municipal Manager :



Date : 31/07/2014.

*WINTS*  
*[Signature]*

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

Name of client	Nature	Type of business activity	Value of benefits received
NONE			

### 5. Sponsorships

See information sheet: Note (5)

Source of sponsorship	Description of sponsorship	Value of sponsorship
NONE		

### 6. Gifts and hospitality from a source other than a family member

See information sheet: Note (6)

Description	Value	Source
NONE		

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
PLEASE SEE ATTACHED			

S. M. Kuffuor  
SIGNATURE OF EMPLOYEE

DATE: 2014/07/22

PLACE: \_\_\_\_\_

5

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST



## ABSAs Stockbrokers (Pty) Ltd

Registration Number 197351279507  
Member of the JSE Securities Exchange South Africa, since 1998

Executive Directors: A J Miller (Managing Director), D R Ingram, E V Sanyal  
Non-Executive Directors: W T Lategan (Chairman), F J E Salk, C F Gorman, A Dickens  
Company Secretary: Absas Secretarial Services (Pty) Ltd  
\*Member of the Institute of Stockbrokers \*\*National Credit Reg. No. NCRCP468

Head Office  
2nd Floor, Block A  
Absas Investment Campus  
55 Empire Road, Parktown  
Johannesburg, 2001  
PO Box 61330, Marshalltown  
South Africa, 2107



Settlements and Administration  
Telephone (011) 647 6800  
Fax (011) 647 0831  
E-mail: squlass@absas.co.za

Online Trading  
Telephone (011) 647 6878  
http://www.absasstockbrokers.co.za

Telephone and Trading  
Telephone (011) 647 6878  
Fax (011) 647 0831  
E-mail: squlass@absas.co.za

MR SM RAJCOOMAR  
14 ROSE ROAD  
STANGER MANOR  
STANGER  
4450

### Month Ending: 2013-03-01

Account Number	Mandate Selected
2292795	No Discretion

### Trading Account

Date	Transaction	Description	Amount	Balance
2013-03-01		BALANCE CARRIED FORWARD		R116,88CR

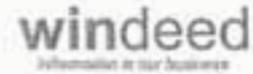
### Securities Held

Share	Transaction	Opening Balance	Movement	Closing Balance
ALERT STEEL HOLDINGS LTD		710		710
BSI STEEL LIMITED		2,200		2,200
CHROMETCO LTD		10,000		10,000
ISA HOLDINGS LIMITED		4,000		4,000
NUTRITIONAL HOLDINGS LTD		9,000		9,000
RACEC GROUP LTD		2,000		2,000
RSA HOLDINGS LTD		3,000		3,000
SANTOVA LOGISTICS LTD		1,000		1,000
WIG WEARME LTD		800		800
ZAPTRONIX LTD		20,000		20,000

*24k  
Please note it is an  
still awaiting similar  
report for current  
biannual year  
NS*

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

## Deeds Office Person



GENERAL INFORMATION	
Date Requested	2014/07/31 13:58
Deeds Office	PETERMARITZBURG
Information Source	DEEDS OFFICE
Reference	-

PERSON INFORMATION			
Person Type	PRIVATE PERSON	Marital Status	UNMARRIED
Name	RAJCOOMAR SHABER MOHANLALL	Former Name	-
ID Number	7011113171884		

PROPERTY INFORMATION			
<b>Property 1 of 6</b>			
Property Type	SECTIONAL TITLE UNIT	Scheme No/Year	448/2001
Scheme Name	55 JOHN ROSS HOUSE		
Unit	1802		
Title Deed	ST152952004	Share	
Registration Date	2004/04/29	Microfilm Reference	2004 0414 1327
Purchase Price	R103000.00	Multiple Properties	NO
Purchase Date	2004/02/25	Multiple Owners	NO
LPI Code	N0FU00800001081000000.D254/2001	Street Address	-
<b>Property 2 of 6</b>			
Property Type	ERF	Erf	2123
Township	STANGER EXT 19	Portion	0
Title Deed	T2709/2005	Share	
Registration Date	2005/01/24	Microfilm Reference	2007 0276 2835
Purchase Price	R230000.00	Multiple Properties	NO
Purchase Date	2004/11/10	Multiple Owners	NO
LPI Code	N0FU03200000212300000	Street Address	-
<b>Property 3 of 6</b>			
Property Type	FARM	Farm Number	6301
Registration Division	FU	Portion	1
Title Deed	T33227/1998	Share	
Registration Date	1998/12/03	Microfilm Reference	1998 0603 0667
Purchase Price	R80000.00	Multiple Properties	NO
Purchase Date	1997/08/28	Multiple Owners	NO
LPI Code	N0FU00000000639100001	Street Address	-
<b>Property 4 of 6</b>			
Property Type	FARM	Farm Number	7033
Registration Division	FU	Portion	13
Title Deed	T58389/2005	Share	
Registration Date	2005/11/02	Microfilm Reference	2005 1202 1944
Purchase Price	R70000.00*	Multiple Properties	YES
Purchase Date	2000/11/09	Multiple Owners	NO
LPI Code	N0FU00000000703300013	Street Address	-
<b>Property 5 of 6</b>			
Property Type	FARM	Farm Number	7033

*NJ*  
*2014*  
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# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

Registration Division	FU	Portion	8
Title Deed	T552852908	Share	
Registration Date	2004/11/02	Microfilm Reference	2008 1202 1944
Purchase Price	R70000.00 *	Multiple Properties	YES
Purchase Date	2000/11/04	Multiple Owners	NO
LPI Code	NSFU000000002703200009	Street Address	-

<b>Property 5 of 6</b>			
Property Type	FARM	Farm Number	2424
Registration Division	FU	Portion	10
Title Deed	T8882008	Share	
Registration Date	2008/02/18	Microfilm Reference	2008 0391 1949
Purchase Price	DONATION	Multiple Properties	NO
Purchase Date	-	Multiple Owners	NO
LPI Code	NSFU00000000342400018	Street Address	-

**CONTRACTS**  
No contracts to display

**OTHER DOCUMENTS**  
No documents to display

**DISCLAIMER**  
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*NJ  
win  
2014*

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL

#### DISCLOSURE FORM

The following notes is a guide to assist with completing the Financial Disclosure form (Annexure A):

##### NOTE 1: Shares and other financial interests

Designated employees are required to disclose the following details with regard to shares and other financial interests held in any private or public company or any other corporate entity recognised by law:

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Designated employees are required to disclose the following details with regard to remunerated work outside the public service:

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Mtd

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

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- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

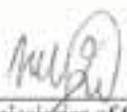
*WJ a/w  
SMM*

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

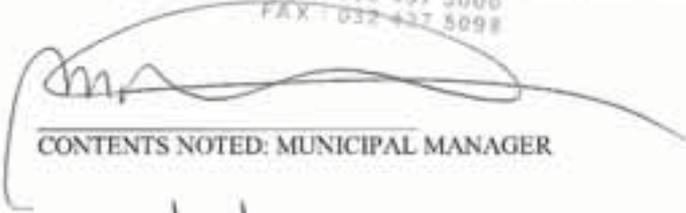
### OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:
- (i) Do you know and understand the contents of the declaration?  
Answer Yes
- (ii) Do you have any objection to taking the prescribed oath/ or affirmation?  
Answer No
- (iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?  
Answer Yes
2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.

  
\_\_\_\_\_  
Commissioner of Oath / Justice of the Peace

Full first names and surname: \_\_\_\_\_ (Block letters)  
Designation (rank): \_\_\_\_\_ Ex Officio Republic of South Africa  
Street address of institution: \_\_\_\_\_  
Date: \_\_\_\_\_  
Place: \_\_\_\_\_  
TEL: 032 437 5000  
FAX: 032 437 5098

  
\_\_\_\_\_  
CONTENTS NOTED: MUNICIPAL MANAGER  
DATE: 30/07/2014

NT

# APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

## FINANCIAL DISCLOSURE FORM

I, the undersigned (surname and initials) Kubheka S.W.  
of \_\_\_\_\_ (Postal address) and 39 Marion Road, Westridge Hillcrest  
(Residential address)  
employed as EDICS at the KwaDukuza

Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

1. Shares and other financial interests (Not bank accounts with financial institutions)

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
300		R320=100	SANLAM

2. Directorships and Partnerships

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
	N/A	

3. Remunerated work outside the Municipality (As sanctioned by Council)

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
	N/A	

Council sanction confirmed:

Signature of Municipal Manager:

 Date: 31/07/2014

NJS  
Suk  
O

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

Name of client	Nature	Type of business activity	Value of benefits received
		N/A	

### 5. Sponsorships

See information sheet: Note (5)

Source of sponsorship	Description of sponsorship	Value of sponsorship
	N/A	

### 6. Gifts and hospitality from a source other than a family member

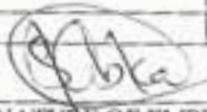
See information sheet: Note (6)

Description	Value	Source
	N/A	

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
		N/A	

  
SIGNATURE OF EMPLOYEE

DATE: 25/07/14

PLACE: \_\_\_\_\_

NJ  
Suk  
9

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the contents of the declaration?

Answer Yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

Answer No

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer Yes

2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.

  
 Commissioner of Oath / Justice of the Peace

**RAMNATH MAHADEER BAGWANASS**  
 COMMISSIONER OF OATHS  
 HOUSING OFFICER:  
 KWA - DUKUZA MUNICIPALITY  
 P.O. BOX 1968, KWA - DUKUZA 4450  
 APPOINTED BY *...* No. 2113/12

Full first names and surname: Ram Nath M. Bagwanass (Block letters)  
 Designation (rank): Assistant Director Ex Officio Republic of South Africa  
 Street address of institution: Council of Chief Asstent Municipal  
Street Ams King's Shaka Street  
 Date: 31/07/2014  
 Place: Kwa Dukuza

  
 CONTENTS NOTED: MUNICIPAL MANAGER  
 DATE: 31/07/2014

*NS Suk*

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL DISCLOSURE FORM

The following notes is a guide to assist with completing the Financial Disclosure form (Annexure A):

#### NOTE 1: Shares and other financial interests

Designated employees are required to disclose the following details with regard to shares and other financial interests held in any private or public company or any other corporate entity recognised by law:

- The number, nature and nominal value of shares of any type;
- The nature and value of any other financial interests held in any private or public company or any other corporate entity; and
- The name of that entity.

#### NOTE 2: Directorships and partnerships

Designated employees are required to disclose the following details with regard to directorships and partnerships:

- The name and type of business activity of the corporate entity or partnership/s; and
  - The amount of any remuneration received for such directorship or partnership/s.
- Directorship includes any occupied position of director or alternative director, or by whatever name the position is designated.  
Partnership is a legal relationship arising out of a contract between two or more persons with the object of making and sharing profits.

#### NOTE 3: Remunerated work outside the Municipality (As sanctioned by Council)

Designated employees are required to disclose the following details with regard to remunerated work outside the public service:

- The type of work;
  - The name and type of business activity of the employer; and
  - The amount of the remuneration received for such work.
- Remuneration means the receipt of benefits in cash or kind, and work means rendering a service for which the person receives remuneration.

#### NOTE 4: Consultancies and retainerships

Designated employees are required to disclose the following details with regard to consultancies and retainerships:

- The nature of the consultancy or retainership of any kind;
- The name and type of business activity, of the client concerned; and
- The value of any benefits received for such consultancy or retainerships.

NS Suk  
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## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### NOTE 5: Sponsorships

Designated employees are required to disclose the following details with regard to sponsorships:

- The source of the sponsorship;
- The description of the sponsorship; and
- The value of the sponsorship.

### NOTE 6: Gifts and hospitality from a source other than a family member

Designated employees are required to disclose the following details with regard to gifts and hospitality:

- A description and the value and source of a gift with a value in excess of R350.00;
- A description and the value of gifts from a single source which cumulatively exceed the value of R350.00 in the relevant 12 month period; and
- Hospitality intended as a gift in kind.

Designated employees must disclose any material advantages that they received from any source e.g.

any discount prices or rates that are not available to the general public. All personal gifts within the family

and hospitality of a traditional or cultural nature need not be disclosed.

### NOTE 7: Land and Property

Designated employees are required to disclose the following details with regard to their ownership and

other interests in land and property (residential or otherwise both inside and outside the Republic):

- A description of the land or property;
- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

**RAMNATH MAHABEEN BAGWANASS**  
COMMISSIONER OF OATHS  
HOUSING OFFICER:  
KWA - DURUKUZA MUNICIPALITY  
P.O. BOX 1566, KWA - DURUKUZA 4450  
APPOINTED ON 14/06/2012



NJ SWS

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### FINANCIAL DISCLOSURE FORM

I, the undersigned Mr S.C Viramuthu of P.O.Box 1806, KwaDukuza, 4450, and 9 Van De Wagen Drive, Rocky Park, KwaDukuza, (Residential address) employed as, Executive Director: Municipal Services at the KwaDukuza Municipality hereby certify that the following information is complete and correct to the best of my knowledge:

1. **Shares and other financial interests (Not bank accounts with financial institutions)**

*See information sheet: Note (1)*

Number of shares / extent of financial interest	Nature	Nominal value	Name of Company or entity
50	Shares		Sasol
100	Shares		PhutumaNathi

2. **Directorships and Partnerships**

*See information sheet: Note (2)*

Name of Corporate entity, partnership or firm	Type of business	Amount of Remuneration or Income
		Nil

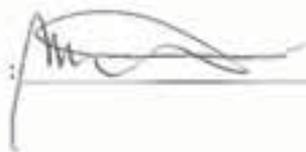
3. **Remunerated work outside the Municipality (As sanctioned by Council)**

*See information sheet: Note (3)*

Name of Employer	Type of work	Amount of Remuneration or Income
NIL.		

Council sanction confirmed :

Signature of Municipal Manager :



Date: 30/07/2014

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## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### 4. Consultancies and retainerships

See information sheet: Note (4)

Name of client	Nature	Type of business activity	Value of benefits received
NIL			

### 5. Sponsorships

See information sheet: Note (5)

Source of sponsorship	Description of sponsorship	Value of sponsorship
Nil		

### 6. Gifts and hospitality from a source other than a family member

See information sheet: Note (6)

Description	Value	Source
Nil		

### 7. Land and property

See information sheet: Note (7)

Description	Extent	Area	Value
Erf 3272	900 sq m	Rocky Park	R240 000
Erf 5	1018 sq m	Tinley Manor	R875 000
Flat 13 Palm Lakes	95 sq m	Palm Lakes	R780 000
Flat 84 St James	38 sq m	Bellaire	R140 000

  
SIGNATURE OF EMPLOYEE

DATE: 1 July 2019

PLACE: KemDucuzi

22

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### OATH/AFFIRMATION

1. I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the contents of the declaration?

Answer yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

Answer NO

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer yes

2. I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the contents of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true".

The signature/mark of the deponent is affixed to the declaration in my presence.

  
\_\_\_\_\_  
Commissioner of Oath /Justice of the Peace

Full first names and surname: \_\_\_\_\_ (Block letters)  
Designation (rank): \_\_\_\_\_ Ex Officio Republic of South Africa  
Street address of institution: \_\_\_\_\_

Date: \_\_\_\_\_

Place: \_\_\_\_\_

NAME: NICOLSON MANTHARAJUM PETER

OCCUPATION: \_\_\_\_\_ DIRECTOR

COMMISSIONER OF OATHS

EX OFFICIO - 1 BHOUSTHA, ORESCENT

DATE: 01-07-2014

SIGNATURE:   
KWADUKUZA MUNICIPALITY

  
CONTENTS NOTED: Municipal Manager

DATE: 30/07/2014

NS

## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

### INFORMATION SHEET FOR THE GENERIC FINANCIAL DISCLOSURE FORM

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Directorship includes any occupied position of director or alternative director, or by whatever name the position is designated.

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- The type of work;
- The name and type of business activity of the employer; and
- The amount of the remuneration received for such work.

Remuneration means the receipt of benefits in cash or kind, and work means rendering a service for which the person receives remuneration.

**NOTE 4: Consultancies and retainerships**

Designated employees are required to disclose the following details with regard to consultancies and retainerships:

- The nature of the consultancy or retainership of any kind;
- The name and type of business activity, of the client concerned; and

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## APPENDIX I: DISCLOSURE OF FINANCIAL INTEREST

- The value of any benefits received for such consultancy or retainerships.

### NOTE 5: Sponsorships

Designated employees are required to disclose the following details with regard to sponsorships:

- The source of the sponsorship;
- The description of the sponsorship; and
- The value of the sponsorship.

### NOTE 6: Gifts and hospitality from a source other than a family member

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- A description and the value of gifts from a single source which cumulatively exceed the value of R350.00 in the relevant 12 month period; and
- Hospitality intended as a gift in kind.

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and hospitality of a traditional or cultural nature need not be disclosed.

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Designated employees are required to disclose the following details with regard to their ownership and

other interests in land and property (residential or otherwise both inside and outside the Republic):

- A description of the land or property;
- The extent of the land or property;
- The area in which it is situated; and
- The value of the interest.

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## APPENDIX J: REVENUE COLLECTION PERFORMANCE

Refer to AFS

### APPENDIX J(1) : REVENUE COLLECTION BY VOTE

Refer to AFS

### APPENDIX J(2): REVENUE COLLECTION BY SOURCE

Refer to AFS

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Refer to AFS

## APPENDIX M(I): CAPITAL EXPENDITURE: NEW ASSETS PROGRAMME

Refer to AFS



## APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/RENEWAL PROGRAMMES: INCLUDING MIG

HUMAN SETTLEMENT					MEDIUM TERM		LONG TERM
IDP NO.	WARD	STRATEGIC OBJECTIVE / PROJECT	BUDGET	2013/14 to 2015	2015/16	2016/17	2017/18
HS/001/2013	10	Insitu-Upgrade Aldenville	R7 789 719.60	R7 789 719.60			
HS/002/2013	10/11	Insitu-Upgrade. Charlottedale	R86 152 760	R4 509 600	R10 743 380	R30 143 180	R32 333 000
HS/003/2013	15	Chris Hani	R88952 760	R6 446 028	R30 148 180	R23 697 152	R25 866 400
HS/004/2013	9/11/12/14/15 &26	Rural Project Chief Albert Luthuli	R4 267 956	R4 267 956			
HS/005/2013	21	Insitu-Upgrade Driefontein	R132 203 543	R19 379 228	R25 845 828	R26 833 956	R28 820 464
	21	Greenfield Driefontein Extension	R61 530 170	R3 382 200	R11 838 290	R19 379 228	R26 930 452
HS/006/2013	10	Insitu-Upgrade Dube Village	R12 750	R12 750			
HS/007/2013	10/12	Insitu Upgrade/ Greenfield Dube Extension	R45 331 180	R2 254 800	R12 912 628	R17 230 552	R12 933 200
HS/008/2013	12	Insitu-Upgrade Ethafeni	R1 745 982	R1 745 982			
HS/006/2013	11	Insitu-Upgrade ETsheni, Njekani (Priority 2)	R210 533 008	R117 733 104	R98 799 904		
HS/007/2013	5	Slum Clearance Extension 36	R44 200	R17 000	R27 200		
HS/008/2013	5	Slum Clearance Extension 46	R34 000	R34 000			
HS/009/2013	20	Slum Clearance Etete Phase 4	R90 662 360	R10 955 628	R25 845 828	R27 994 504	R25 866 400
HS/009/2013	5	Greenfield Low Income Gaza Strip	R4 714 393.12	R3 406 832			
HS/010/2014	5	Greenfield Affordable Gaza Strip	R7 800 000	R7 800 000			
	21	Greenfield Integrated Development Greater Driefontein	R100 000 000	R25 000 000	R25 000 000	R25 000 000	R25 000 000
	9	Combination of Greenfield & Insitu Upgrade Combination of Greenfield & Insitu Upgrade Hangoes	R71 262 560	R4 509 600	R12 912 628	R25 845 828	R27 994 504
	11	Greenfield Integrated Development Hyde Park Country Estate	R866 581 799.20	R16 581 799.20	R250 000 000	R300 000 000	R300 000 000
HS 011/2014	3	Insitu Upgrade KwaTwele	R77 779 160	R6 658 276	R19 379 228	R25 845 828	R25 845 828
HS/010/2015	5	Insitu-Upgrade Lindelani 303 Sites	R2 204 560.60	R2 204 560.60			
	5	Slum Clearance Lindelani 272 Sites	R17 589 152	R3 233 300	R6 466 600	R7 889 252	

## APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/RENEWAL PROGRAMMES: INCLUDING MIG ...continued

HUMAN SETTLEMENT					MEDIUM TERM		LONG TERM
IDP NO.	WARD	STRATEGIC OBJECTIVE / PROJECT	BUDGET	2013/14 to 2015	2015/16	2016/17	2017/18
HS/O11/2016	14	Slum Clearance Lloyds	R88 952 760	R6 446 028	R30 148 180	R23 697 152	R25 866 400
HS/O12/2017	27	Insitu -Upgrade Madundube	R90 662 360	R8 806 952	R19 379 228	R30 143 180	R32 333 000
HS/O13/2013	22	Greenfield Mellowood Park	R18 080 479	R3 02 090	R8 593 789.24	R6 466 600	
HS/O14/2013	9	Insitu-Upgrade Mnyundwini (Priority 5)	R48 896 320	R48 896 320			
HS/O14/2013	18	Greenfield Monkey Town	R90 662 360	R10 955 628	R23 676 580	R23 697 152	R32 333 000
HS/O16/2013	8	Slum Clearance Nkobongo P1	R 2 550	R 2 550			
HS/O17/2013	8	Slum Clearance Nkobongo P2	R6 800.00	R6 800.00			
HS/O18/2013	3	Insitu-Upgrade Nonoti Mouth	R32 738 048.80	R14 631 568.80	R9 699 900.00	R8 406 508.00	
HS/O19/2013	3	Insitu-Upgrade Nyathikazi	R77 729 160.00	R8 806 952.00	R19 379 228.00	R25 845 828.00	R23 697 152
HS/O20/2013	19	Greenfield Integrated Rocky Park	R148 443 160	R32 975 340	R17 011 800	R9 800 020	R456 000
HS/O21/2013	1	Insitu-Upgrade Sakhamkhanya Phase 2	R68 839 920.00	R12 912 628.00	R25 854 828.00	R15 040 732.00	R15 040 732.00
HS/O22/2013	18	Consolidation (Insitu-Upgrade) Senzangakhona	R4 009 292.00	R1 939 980.00	R2 069 312.00		
HS/O23/2013	4	Slum Clearance Shakashead Phase 1	R517 328.00	R517 328.00			
HS/O24/2013	4	Slum Clearance Shakashead Phase 2	R2 721 628.40	R2 137 678.40	R127 500.00	R255 000.00	R31 450.00
HS/O25/2013	23	Slum Clearance Shayamoya Phase 2	R204 196.40	R519 196.40			
	18	Greenfield Integrated Shakaville Extension	R68 922 208.00	R19 399 800.00	R19 399 800.00	R12 933 200.00	
HS/O26/2013	19	Old Age Home	R 600 000	R150 000	R 150 000	R 150 000	R 150 000
HS/O27/2013	18	Hostels	R600 000	R150 000	R 150 000	R 150 000	R 150 000
HS/O28/2013		Capacity Building	R400 000	R100 000	R 100 000	R 100 000	R 100 000
HS/O29/2013	1&25	Rural Insitu-Upgrade Sokesimbone	R71 166 000.00	R21 349 800.00	R21 349 800.00	R7 116 600 .00	
HS/O30/2013	13	Slum Clearance Steve Biko Phase 1	R6 800	R6 800			
HS/O31/2013	13	Slum Clearance Steve Biko Phase 2	R90 450 112.00	R12 912 628.00	R25 845 828.00	R25 845 828.00	R25 845 828.00
HS/O33/2013	12	Green field Mvoti Toll	R45 331 180.00	R4 403 476.00	R12 912 628.00	R19 399 800.00	
HS/O34/2013	25	Insitu upgrade Ohlange Son Sauci	R77 729 160.00	R8 806 952.00	R19 379 228.00	R25 845 828.00	R23 697 152.00
HS/O36/2013	3	Insitu upgrade and slums clearance KwaTwele	R77 779 160.00	R6 658 276.00	R19 379 228.00	R25 845 828.00	R25 845 828.00

## APPENDIX M: CAPITAL EXPENDITURE- NEW & UPGRADE/RENEWAL PROGRAMMES: INCLUDING MIG ...continued

HUMAN SETTLEMENT					MEDIUM TERM		LONG TERM
IDP NO.	WARD	STRATEGIC OBJECTIVE / PROJECT	BUDGET	2013/14 to 2015	2015/16	2016/17	2017/18
HS/O37/2013	11	Community residential units Gledow Compound	R9 006 814.00	R2 500 000	R180 000	R1 825 434	R4 501 380
	8	Greenfield Walden Estate	R61 530 170.00	R3 382 200.00	R11 838 290.00	R19 379 228.00	R26 930 452.00
HS/O38/2013		Fencing Old Age Home - Pallisade	R300 000.00	R 300 000			
HS/O39/2013		Furniture and Equipment	R100 000.00	R 100 000			
HS/O40/2013		Renovation of Old age home	R300 000.00	R 300 000			
HS/O41/2013		Shakaville Man's hostel renovation	R300 000.00	R 300 000			
HS/O42/2013		LDV - Single X 2 Human Settlement	R400 000.00	R 400 000			
HS/O43/2013		Tools and Equipment	R20 000.00	R 20 000			
HS/O44/2013		Air condition	R30 000.00	R 30 000			

## APPENDIX M(II): CAPITAL EXPENDITURE- UPGRADE/RENEWAL PROGRAMME

PROJECTS IMPLEMENTATION PLAN (IDP): TECHNICAL SERVICES – CIVIL ENGINEERING							
Projects ID	Project Name	Ward	Estimated cost 3 years	Budget 2013/14	Budget 2014/15	Budget 2015/16	Status
CVL002/12	Water Tanker	All	2 514 000.00	2 514 000.00			
CVL014/12	Drum Roller X 1 900mm	All	200 000	200 000			
	Parkhomes X 1 Mobile offices	All	600 000	600 000			
CVL009/12	LDVS X 2	All	500 000	500 000			
CVL005/12	Grid Roller X 3	All	1 983 200	1 983 200			
CVL006/12	Tipper Truck X 2	All	2 336 526	2 336 526			
CVL	Engineering Equipment	All	180 000	180 000			
CVL008/12	Jet Cleaning Machine	All	3 103 260	3 103 260			
CVL009/12	LDV X 2	All	286 000	286 000			
CVL011/12	TLB	All	900 000	900 000			
CVL022/12	Critical Area as per Master Plan	All	7 621 783	7 621 783			
CVL012/12	Haysom Road Channel Retaining Wall	19	364 800	364 800			
CVL019/12	Testing Station Bridge Replacement	19	4 575 073	4 575 073			
CVL023/12	Wooden Bridges	All	1 039 500	1 039 500			
CVL049/12	P445	6	52 938 407	52 938 407			
CVL032/12	Sidewalks	6	1 275 000	1 275 000			
CVL033/12	Speed Humps	Cluster	85 000	85 000			
CVL034/12	Speed Humps	Cluster	85 000	85 000			
CVL035/12	Speed Humps	Cluster	85 000	85 000			
CVL036/12	Speed Humps	Cluster	85 000	85 000			
CVL037/12	Speed Humps	Cluster	85 000	85 000			
CVL038/12	Speed Humps	Cluster	85 000	85 000			
CVL039/12	Speed Humps	Cluster	85 000	85 000			
CVL008/13	Upgrade Chipseal	1	848 160	848 160			
CVL009/13	Upgrade Darnall Road	2	846 014.80	846 014.80			
CVL10/13	Road rehabilitation resurfacing	3	689 700	689 700			
CVL11/13	Road Crossing Shakakraal	4	1 213 768	1 213 768			
CVL12/13	Lindelani Road Upgrade	5	758 625.20	758 625.20			
CVL13/13	Road Construction	6	962 717.30	962 717.30			
CVL14/13	Gravel Upgrade to Blacktop	7	922 738	922 738			
CVL16/13	Foot Bridges	8	780 796	780 796			
CVL15/13	Gabion Lining 400m Long	8	1 226 178.30	1 226 178.30			
-	Culvert for stormwater	10	885 589.20	885 589.20			
CVL18/13	Upgrade of gravel road	11	1 003 210	1 003 210			
CVL19/13	Clear line exist s/w canal	12	3 488 400	3 488 400			
	Townview Road Upgrade rehabilitation	13	3 407 161	3 407 161			
CVL022/13	Construction Line Channel	14	820 800	820 800			
CVL024/13	Resurfacing Road and Upgrading s/w	15	308 761.60	308 761.60			
	Resurfacing and Upgrade s/w	16	362 277.30	362 277.30			
	Resurfacing and Upgrade s/w	17	362 277.30	362 277.30			
	Upgrade s/w	18	2 468 849.50	2 468 849.50			
	Upgrade Mahatma Gandhi Street	19	6 948 157	6 948 157			
	Road and s/w construction	23	1 296 132	1 296 132			
	Stormwater rehabilitation	24	718 421	718 421			
	Road refurfacing and s/w upgrade	25	1 221 268	1 221 268			
	Resurfacing Road	13	244 709.90	244 709.90			
CVL021/13	Glenhills and Steve Biko	13	419 458.30	419 458.30			
CVL21/13	Blythedale Road Upgrade Rehabilitation	12	689 700	689 700			

## APPENDIX M(II): CAPITAL EXPENDITURE- UPGRADE/RENEWAL PROGRAMME ...continued

PROJECTS IMPLEMENTATION PLAN (IDP): TECHNICAL SERVICES – CIVIL ENGINEERING							
Projects ID	Project Name	Ward	Estimated cost 3 years	Budget 2013/14	Budget 2014/15	Budget 2015/16	Status
CVL028/13	Ballito Civic Building Renovation	6	1 400 000	1 400 000			
CVL065/12	KwaDukuza CBD: Bus and Taxi Rank	19	1 000 000	1 000 000			
CVL015/12	George Hullet Place Retaining Wall	6	274 648.60	274 648.60			
CVL067/12	Manor Liquor Store	19	727 200	727 200			
	Charlottedale Stormwater Channel	10	1 032 000	1 032 000			
	Etete Sportsfield	7	104 713 .70	104 713.70			
	Mashaba Sportsfield	8	61 425.80	61 425.80			
	Sokesimbone Sportsfield	1	117 564.50	117 564.50			
CVL056/12	Nonoti Sportsfied	3	1 635 404	1 635 404			
CVL018/12	Rocky Park Recreation	19	1 234 529	1 234 529			
CVL054/12	Madundube Community Hall	27	1 324 000	1 324 000			
CVL053/12	Ohlanga Community Hall		1 324 000	1 324 000			
	Mgigimbe Community Hall	9	500 000	500 000			
CVL052/12	Chris Hanu Community Hall	11	80 000	80 000			
CVL051/12	Ward 6 Community Hall	6	2 500 000	2 500 000			
CVL050/12	Ward 17 Community Hall	17	2 500 000	2 500 000			
	Mnyundwini	10	1 093 072	1 093 072	1 093 072		
CVL032/13	Chief Albert Luthuli	10	2 924 700	2 924 700	2 924 700		
CVL057/12	Sakhumkhanya Bus Route	1	4 029 759.90	4 029 759.90	4 029 759.90		
CVL024/12	Dendethu Bus Route	1	4 788 358.10	4 788 358.10	4 788 358.10		
CVL040/12	Nonoti Main Road	3	3 054 800.00	3 054 800.00	3 054 800.00		
CVL058/12	Nyathikazi Phase 4	3	5 455 000.00	5 455 000.00	5 455 000.00		
CVL059/12	Dube Village Bus Route	12	2 836 600	2 836 600	2 836 600		
CVL044/12	Etete Bus Route		2 640 220	2 640 220	2 640 220		
CVL060/12	Ntshawini Priority Phase 1	15					
CVL013/12	Malende Phase 2	9	4 484 475	4 484 475	4 484 475		
CVL031/13	Charlottedale	10	3 273 000	3 273 000	3 273 000		
CVL045/12	Ohlanga Clinic Access Road	1	1 094 400	1 094 400	1 094 400		
CVL047/12	Sakhumkhanya M4	1	3 438 624.80	3 438 624.80	3 438 624.80		
CVL024/12	Siyembezi Access Road	2	3 380 219	3 380 219	3 380 219		
CVL063/12	Hlalanathi Link Road	11	7 056 547	7 056 547	7 056 547		
CVL026/12	Shakashead Link Road	4	2 033 000	2 033 000	2 033 000		
CVL046/12	Sakhumkhanya Acces Road	1	5 684 369	5 684 369	5 684 369		
CVL028/12	Malende Access Road	9	1 501 000	1 501 000	1 501 000		
CVL029/12	Groutville Graveyard	12	106 181.30	106 181.30	106 181.30		
CVL064/12	Chris Hanu Access Road	11	204 007.60	204 007.60	204 007.60		
CVL033/13	Mbozamo Bus Route	18	3 273 000	3 273 000	3 273 000		
CVL024/12	Sokesimbone Access Road	1	224 764.80	224 764.80	224 764.80		
CVL027/12	Shayamoya Access Road	23	1 908 202.80	1 908 202.80	1 908 202.80		
CVL030/12	Charlottedale Observation Rock	10	2 290 850.90	2 290 850.90	2 290 850.90		
CVL031/12	Charlottedale Route Ext.2	10	1 895 909.90	1 895 909.90	1 895 909.90		
CVL034/13	Ekamu Road Upgrade		4 748 530	4 748 530	4 748 530		
CVL001/13	Ronald Jack Road	5	4 960 000	4 960 000	4 960 000		
CVL002/13	San Succu Access	1	5 400 000	5 400 000	5 400 000		
CVL064/12	Chris Hanu Phase 4	11	3 600 000	3 600 000	3 600 000		
CVL040/12	Nonoti Main Road Phase 2	3	8 300 000	8 300 000	8 300 000		
CVL004/13	Qwabe Road		4 640 000	4 640 000	4 640 000		
	SMA Appointment Registration	19	375 000	375 000			





KWADUKUZA MUNICIPALITY

# OVERSIGHT REPORT

2013/2014

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## APPENDIX N: MPAC OVERSIGHT REPORT

### 1. INTRODUCTION

The Council is vested with a responsibility to oversee the performance of KwaDukuza Municipality as required by the Constitution, Municipal Finance Management Act, 56 of 2003 (MFMA) and the Municipal Systems Act, 32 of 2000 (MSA). The oversight responsibility for Council is key when considering the Annual Report.

Both the MFMA and MSA recognize the Council as a critical role player to ensure that all Municipal Departments perform according to what has been planned in the SDBIP. There is a critical linkage between the strategic goals set by Council in the Integrated Development Plan (IDP), which is translated into budget and the delivery of those goals through the Service Delivery Budget Implementation Plan which is reported in the Annual Report. It is essential that the Council ensures the budget gives effect to priorities as contained in the IDP. A good budget will form the basis of a better oversight and the fulfillment of a contract between the Executive/Council, administration and the public.

The MFMA gives effect to financial management reforms that place a greater emphasis on service delivery responsibilities to Managers and make them more accountable for their own performance. Whilst it is the responsibility of the Mayor and the Executive Committee to resolve any performance failures, the Council is also vested with powers and responsibility to oversee both the Executive and Administration. Oversight occurs at various levels in the municipality and is clearly explained on the table below:

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor or Committee	Community
Mayor or Committee	Policy, Budget and Outcomes	Municipal Manager	Council
Municipal Manager	Outputs and Implementation	Administration	Mayor or Committee
Chief Financial Officer and Senior Managers	Outputs and Implementation	Financial Management and Operational functions	Municipal Manager

**Table 1:** Financial Governance Framework applicable to Local Government

### 2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councilors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council have delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- Approval of budgets;
- Approval of Budget related Policies; and
- Review of the Annual Report and adoption of the Oversight Report.

## APPENDIX N: MPAC OVERSIGHT REPORT

### 3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the Oversight Committee are to:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from Councilors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor General, organs of state, Council's Audit Committee and Councilors.

### 4. COMPOSITION OF OVERSIGHT COMMITTEE

#### 4.1 MEMBERSHIP

The Oversight Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79, allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the Oversight Committee.

#### 4.2 AUTHORITY & POWER

The Oversight Committee is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the Oversight Committee must be open to the public and minutes of the meetings must be submitted to Council meetings.

#### 4.3 MEETING SCHEDULE

The Annual Report submitted to Council at its Council Meeting held on the 29th January 2015 was referred to the Oversight Committee subject to a few minor enhancements to the Report. The community was advised

through the print media of the availability of the Annual Report and was invited to submit representations on the report.

The Annual Report was available at all municipal libraries and offices and was also placed on the KwaDukuza Municipality website at [www.kwadukuza.gov.za](http://www.kwadukuza.gov.za). The Annual Report was submitted to the Auditor-General, Provincial Treasury and the Department of Local Government and Traditional Affairs.

At the closing date for public submissions of the Annual Report on the *25th of February 2015*, only one submission was received. The Public were invited to the tabling of the Annual Report to Council on the *29th of January 2015* and members of the public and the media attended the meeting.

### 5. THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2014.

The Annual Report was presented to Council on the 29th of January 2015 and the following matters were raised and noted:

## CHAPTER 1 : EXECUTIVE SUMMARY

### 1.3 POPULATION AND ENVIRONMENTAL OVERVIEW (PG 33)

- One sees a gradual increase in the population of KwaDukuza as opposed to other municipalities within the district where a decrease in the population is sometimes recorded. The population of KwaDukuza Municipality has grown by 37.8 % since 2001 from 167 805 to 231 187 in 2011 (Census 2011). KwaDukuza Municipality is one of the four KwaZulu Natal Municipalities which has shown significant growth in population in the past decade with major implications to the municipality's service provision programme.

#### 1.3.1 TRANSPORTATION LINKAGES AND INFRASTRUCTURE

- There is an increase in vehicle registration of 796 vehicles which has been the highest increase in two years
- Passenger numbers at King Shaka International increased by 1% to 1119 230 since 2011
- Richards Bay and Durban ports contribute 60% of all port movements in South Africa. This is an economic advantage to the Municipality as it is located between the two ports

## APPENDIX N: MPAC OVERSIGHT REPORT



## CHAPTER 3– FUNCTIONAL AREAS AND PERFORMANCE

DEPARTMENTS	HIGHLIGHTS	CHALLENGES	CORRECTIVE ACTIONS
Municipal Manager: Corporate Governance	<p>Establishment of Risk and Ethics Committees</p> <p>Revitalisation of Operation Sukuma Sakhe to identify destitute households that needs assistance and establishment of War-Rooms in all Municipal Wards</p>	<p>Shortage of staff within Internal Audit, Risk Management and the PME Sections</p> <p>Limited budget to address all OSS identified cases</p> <p>Shortage of dedicated personnel to deal with OSS.</p> <p>Delays on certain sector departments to make requested interventions.</p> <p>Lack of motivation to prioritise OSS</p>	<p>Fast track appointment of staff in these sections in order to effectively deal with AG findings and working towards CLEAN AUDIT 2014</p> <p>Increase OSS Budget Employment of dedicated personnel to deal with OSS</p> <p>Intervention of Senior Managers to prioritise OSS</p>
Corporate Services	<p>Roll out of CS developed youth employment strategy dubbed KDM MOVES THE LOCAL YOUTH FORWARD THROUGH THE IMPLEMENTATION OF THE NATIONAL YOUTH ACCORD. Identified keys tasks to be part of 100 days of KDM's programme to implement President Zuma and Premier Mchunu's service delivery priorities as follows:-</p> <ul style="list-style-type: none"> <li>a) Report back to KDM staff members the three response plans (mechanical /workshop issues, KDM 2014/15 budget imbizo and 2013 KDM Staff Satisfaction Survey)</li> <li>b) Filled the critical service delivery vacancies in favor of women, disabled and youth.</li> <li>c) Roll out of councilor and staff training to meet the community's service delivery challenges.</li> <li>d) Facilitated the approval of KDM Land Disposal Policy to attract economic investment in KDM.</li> <li>e) Held sessions and events that promote staff unity and social cohesion.</li> </ul> <p>Held the public report back meetings on the roll out of KDM EEDBS programme land related matters in partnership with EDP</p>	<p>Lack of streamlined property related regime/system</p> <p>Lack of expenditure management</p> <p>Shortage of human capital and the reconfiguration within SDF unit</p> <p>Placement of (2013-14) posts on moratorium</p>	<p>The adoption of a council land policy and the integration of the KDM Land Related Process Plans.</p> <p>CS MANCO shall reinforce the monitoring of CAPEX and OPEX on monthly basis including the capacitating CS MANCO on expenditure management.</p> <p>Council shall reinforce the SDF unit during 2014-15 mid-year adjustment.</p> <p>Fast track appointment of staff in identified key positions</p> <p>Council shall reprioritize the key and attrition posts for filling in 2014-15</p>

## APPENDIX N: MPAC OVERSIGHT REPORT

DEPARTMENTS	HIGHLIGHTS	CHALLENGES	CORRECTIVE ACTIONS
Economic Development & Planning	<p>KwaDukuza Municipality is one of the seven (7) municipalities in KwaZulu Natal that has been given a human settlements level 2 accreditation status.</p> <p>The municipality has been delegated these functions by the National and Provincial Department of Human Settlements:</p> <p>Subsidy budget planning and allocation, and priority programme management and administration, including: Housing subsidy budgetary planning functions across national housing programmes and projects; Subsidy allocations; and Project identification</p> <p>Publishing of Climate Change Staff and Councillor Awareness Survey</p> <p>Participation in 2014 Earth Hour Challenge</p>	<p>The scarcity of land to build houses.</p> <p>In cases where land is available, the landowners are asking for extremely high prices.</p> <p>There are landowners, who have regarded shack farming as an income generating activity and do so without providing basic services like water, sanitation, roads, etc. In most instances, these people are living in very squalor conditions. This then necessitates KwaDukuza Municipality to become proactive in providing decent living conditions for these people.</p>	<p>Lack of sanitation bulk infrastructure funding is having a negative impact in the accelerating housing delivery in most of our projects.</p> <p>There is a perceive demand of affordable houses in KwaDukuza Municipal area and which is not informed by a scientific research study. There is an urgent need for the municipality to commission a study on affordable housing demand in the area. Projects concentrated in the hands of few service providers which impact negatively in housing delivery.</p> <p>There is on-going inward and outward immigration of people in KwaDukuza which causes more challenges on both supply and demand side of housing. Lack of council owned land for housing in Ballito make it impossible for Council to ensure integration of communities.</p> <p>Lack of internal capacity to undertake pre-feasibility studies for housing projects. Lack of site size policy for low cost housing,</p> <p>Lack of human settlements density policy, Poor close out of projects which make the municipality to have a long list of projects which most of them are not real projects.</p> <p>Lack of land acquisition strategy for human settlements which lead Council to be on the mercy of the land owners,</p>
Financial Services	<p>Received our 9th consecutive unqualified audit report</p> <p>Growth in operating revenue by 8.91% Own revenue remained between 85-90% of total revenue.</p> <p>There was a notable increase of capital spend of 54% when compared to 34% in 12/13 financial year.</p> <p>There was growth of 2.54% in cash and cash equivalents</p> <p>Financial ratios show the liquidity of the municipality. The current ratio is at 2.28:1 and acid test ratio is 2.26:1. These ratios are within industry norms.</p>	<p>Staff shortage within the department which hinders efficient and effective service delivery.</p> <p>Lack of critical skills</p> <p>Dire need of office space</p>	<p>Fast track appointment of skilled staff to improve delivery of services by the department.</p> <p>Renovate existing Finance buildings and add additional office space at the SCM Unit in order to relocate entire Expenditure section.</p>
Municipal Services	<p>Purchase of 2 traffic vehicles</p> <p>Training of senior clerks as Grade F &amp; L Examiners</p> <p>Increase in warrant of arrests issued</p> <p>Establishment of Disaster For a within municipal wards and a Disaster Management Plan developed</p>	<p>Staff shortage within the department which hinders efficient and effective service delivery</p> <p>High level of over-time due to insufficient staff in the department</p>	<p>Fast track appointment of skilled staff to improve delivery of services by the department</p>

## APPENDIX N: MPAC OVERSIGHT REPORT

DEPARTMENTS	HIGHLIGHTS	CHALLENGES	CORRECTIVE ACTIONS
Technical Services	<p>All the Civil Department projects which include MIG Projects, Capital Projects, DBSA Projects are 90% on the ground and will roll-out for completion by December 2013. Project Managers contract was extended for additional year in order to see all the projects through up to completion.</p> <p>MIG Programme projects are all allocated to consultants or to contractors for roll-out.</p> <p>Capital projects are also on the ground and same on the way for appointment of contractors.</p> <p>All the above mentioned projects are in line with the IDP and SDBIP with budget roll-over to the 2013/2014 financial year to complete.</p>	<p>Delays in appointment of service providers</p> <p>Lack of scarce skills within Civil Engineering Section</p> <p>Poor quality of work done by some of the emerging contractors which sometimes result in cancellation of projects thus delaying service delivery on the ground.</p> <p>Outdated fleet which results in inefficient service</p>	<p>Schedule of weekly sitting of all bid committees to fast track SCM processes</p> <p>Fast track appointment of people with required skills in key service delivery departments</p> <p>Project Management company (Moteko) appointed to fast track implementation of projects on the ground</p> <p>Procure fleet and beef up the Fleet section in order to improve the service rendered by the section.</p>

## APPENDIX N: MPAC OVERSIGHT REPORT

### CHAPTER 4 – HUMAN RESOURCE AND ORGANISATIONAL DEVELOPMENT (PG 142) CORPORATE SERVICES

The total number of staff is 836 with 103 positions vacant. There have been no major changes in the Organisational Structure in the 2013/2014 financial year. However, the vacancy rate still impacts on the operations of the municipality. This had a negative impact on the prompt delivery of services. The municipality is planning to prioritise all service delivery key positions, recruit and fill in all vacant positions identified in the new financial year in accordance with the priority list.

#### INCLUDE COMMITTEE RESOLUTION/COMMENT.

*The committee emphasized the importance of having all positions filled so that service delivery cannot be compromised in the 2014/2015 financial year. The committee further emphasized that all positions regarded as compliance positions shall be filled as a matter of urgency in order to address the queries raised by the AG with regards to performance of the municipality and compliance to laws and regulations.*

### MATERIAL LOSSES AND IMPAIRMENTS (REFER TO PAGE 227)

As disclosed in note 32.8 to the financial statements, material losses of 91,37 million kilowatts amounting to R61,73 million were incurred as a result of technical and non-technical electricity distribution losses. As disclosed in note 16 to the financial statements, the impairment on receivables increased by R16,09 million. In addition, receivables amounting to R6,60 million was written off as irrecoverable during the year.

#### INCLUDE COMMITTEE RESOLUTION/COMMENT.

*The Committee indicated that in the previous year there were still technical losses reported in electricity. They are requesting that the municipality provide the committee with the action plan with clearly defined targets and indicators of what the municipality is doing to address these issues and further prevent re-occurrence of such in the next financial year. They further requested that these action plans should be tabled at all MPAC meetings to report on progress made so that they can be able to perform their oversight role as expected. Further all executive Directors to provide reports to the Finance Portfolio Committee on the issues raised by the AG in the report.*

### CHAPTER 6: REPORT OF THE AUDITOR – GENERAL REFER TO ANNUAL REPORT PAGES 160-163

#### 6.1 MANAGEMENT RESPONSE AND ACTION PLAN REFER TO ANNUAL REPORT PAGES 252-255

## APPENDIX N: MPAC OVERSIGHT REPORT

### 6.2 ANNUAL REPORT CHECKLIST

Information Required To Be Included In Annual Reports	Council / Committee Considerations & Questions	Responses/Comments
<b>1. Financial Matters - Annual Financial Statements - Section 121 (3) MFMA</b>	<b>Financial reporting matters to be considered</b>	
121 (3)(a) The Annual Financial Statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	To Ensure the Annual Financial Statements complies with GRAP and GAMAP issued by the Accounting Standards Board.  MFMA Circular 18 with Annexures, 23 June 2005, provides guidelines on the new accounting standards for municipalities.	Kwa-Dukuza Municipality's AFS has been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the Minister of Finance and also in terms of the standards and principles contained in Directives 3 and 5 issued by the Accounting Standards Board ("ASB") respectively, as amended. Refer to pages 168-237 of Annual Report. In addition, it should be noted that the municipality implemented IGRAP1 with regards to the accounting for traffic fines. The impact of this accounting standard can be seen in Notes 16 & 17 of the Annual Financial Statements.
121(3)(b) The Auditor-General's reports on the financial statements of the municipality	Is the audit report included in the Annual Report as tabled? If not, when will the audit report be tabled? What are causes for the delays? What actions are being taken to expedite the report?	The audit report is included in the Annual Report. Refer to Note 9 of the report of the Auditor-General on pages 160-163 of the Annual Report
121 (3)(h) Any explanations that may be necessary to clarify issues in connection with the financial statements.	The accounting standards require that notes accompany the Kwa-Dukuza Municipality's Annual Financial Statements to provide explanations of issues and matters reported.	The notes have been included in the Annual Report. Refer to pages 189-237 of the Annual Report.
121 (3)(e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has the Accounting Officer of Kwa-Dukuza Municipality included the following in the Annual Report:  ○ An adequate assessment, on the arrears?	An adequate assessment on the arrears has been included in the Annual Report on page 30. Included in the annual report in the financial statements notes 14, 16 & 17 as well as the risk assessment as per note 45 provide sufficient analysis.
121 (3)(g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.	The conclusions of the annual audit must be an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;	Kwa-Dukuza Municipality has received an unqualified audit report with matters of emphasis and other issues. Refer to Note 8 of the report of the Auditor-General on pages 160-163 of the Annual Report.
	The objective of the municipality should be to achieve an unqualified audit opinion.	Achieved.
	Taking into account the audit report, audit opinion and the views of the audit committee, Council should consider:  To what extent does the report indicate serious or minor financial issues?	<b>Significant Uncertainty</b> - With reference to <b>note 34.1</b> on page 228 to the financial statements, the municipality has entered into service level agreements with property developers to reimburse them for the cost of bulk electricity. The reimbursements are dependent on the developers meeting future targets as set out in the service level agreements. The timing and outcome of the reimbursement cannot currently be determined and therefore no provision for any liability that may result has been made in the financial statements.

## APPENDIX N: MPAC OVERSIGHT REPORT

Information Required To Be Included In Annual Reports	Council / Committee Considerations & Questions	Responses/Comments
1. Financial Matters - Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	
		<p><b>Significant Uncertainty</b> - With reference to <b>note 34</b> on page 228 to the financial statements, the municipality is the defendant in various claims. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements</p>
		<p><b>Material losses</b> - As disclosed in <b>note 32.8</b>, page 227 to the financial statements, material losses to the amount of 91.37 million kilowatts amounting to R61.73 million were incurred as a result of technical and non-technical electricity distribution losses.</p> <p>As disclosed in <b>Note 16</b>, page 204 to the financial statements, the impairment on receivables increased by R16.09m primarily as a result of the impairment of traffic fines recognised for the first time. In addition, receivable amounting to R6.60 million was written off as irrecoverable during the year.</p>
		<p><b>Material under spending of the capital budget</b> - As disclosed in the statement of comparison of budget and actual amounts on page 172 of the financial statements, the municipality has materially underspent the budget on capital expenditure to the amount of R220.34 million. This has resulted in the municipality not achieving some of its planned service delivery targets for the year.</p>
	To what extent are the same issues repeated from previous audits?	Reimbursements to developers, material losses and material under spending on the capital budget have been repeated from previous audits.
	Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?	Yes, Significant Uncertainties – Developers Contributions - Council has already taken a decision that in respect of future service level agreements with developers, no such reimbursive clauses will be incorporated. Additionally, Council currently maintains ring-fenced investment accounts in order to fund any possible reimbursement claims that may be forwarded by the developers. The value of these investments as at 31 December 2014 was R28 183 116. In addition to the above, the ED: Electrical Services will conduct an investigation on all existing SLA's in order to ascertain if they are still legally valid to qualify for reimbursement.

## APPENDIX N: MPAC OVERSIGHT REPORT

Information Required To Be Included In Annual Reports	Council / Committee Considerations & Questions	Responses/Comments
<b>1. Financial Matters - Annual Financial Statements - Section 121 (3) MFMA</b>	<b>Financial reporting matters to be considered</b>	
		<p>Material losses –</p> <ul style="list-style-type: none"> <li>○ Contractor to be appointed in March 2015 to perform disconnections / reconnections.</li> <li>○ Schedule of faulty meters is compiled on a monthly basis and handed to electricity department.</li> <li>○ Revenue Enhancement Program to deal with issues surrounding energy losses by conduction meter inspections, meter audits and investigating illegal connections.</li> <li>○ The energy master plan has been adopted and is the catalyst for the major capital expansion and refurbishment projects earmarked for 2014/2015.</li> </ul>
		<p>Material under spending on the Capital budget – Under expenditure was primarily due to Service Providers under performance - Strict measures on contract and project management have been put in place where the Service providers is failing to deliver is terminated and blacklisted. PMU has been strengthened by addition of Senior Technician PMU. Delays on the SCM processes for appointments/ awards. Late registration of projects with MIG which led to poor planning, projects had been registered and additional funding had been applied for which is in the process for approval. All Expenditures incurred by Council for MIG funding will be claimed from MIG as Additional Funding Application.</p>
	Has a schedule of action to be taken been included in the Annual Report, with appropriate due dates?	Yes – refer to pages 252-255 of Annual report
	Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC's for local government and finance to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC's.	Yes – the audit reports have been forwarded to the MEC's
121 (3)(f) An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.	Does the budget of KwaDukuza Municipality contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)).	Yes, the budget for KwaDukuza Municipality contains measurable performance objectives for revenue from each source and for each vote. Refer to pages 76-103 of the Annual Report.
	Has the Accounting Officer included these objectives in the Annual Report and report on performance accordingly?	Yes, refer to pages 76-103 of the annual report
	Has the performance met the expectations of council and the community?	Partly, because only 58% of the service delivery indicators and targets were met during the year under review. Refer to pages 74-75 of the Annual Report.

## APPENDIX N: MPAC OVERSIGHT REPORT

Information Required To Be Included In Annual Reports	Council / Committee Considerations & Questions	Responses/Comments
<b>1. Financial Matters - Annual Financial Statements - Section 121 (3) MFMA</b>	<b>Financial reporting matters to be considered</b>	
	Have the objectives been met?	Partly, because only 58% of the service delivery indicators and targets were met during the year under review. Refer to page 74-75 of the Annual Report.
	What explanations have been provided for any non-achievement?	Mostly, reasons cited range from delays in procurement thus delaying appointment of contractors to begin with work on the ground. In some instances, there is insufficient budget to begin with some of the projects thus resulting in the roll-over of projects into the next financial year. In other cases, contractors experience cash flow problems thus resulting in cancellation of contracts and starting the SCM process all over again.
	What was the impact on the service delivery and expenditure objectives in the budget?	The capital under spend has had an Impact on service delivery in that down time of electricity supply was eminent and furthermore effected revenue streams.
121 (3)(i)(k) Any information as determined by the municipality, the entity or its parent municipality.	Review any other information that has been included in regard to the AFS.	Not Applicable as KwaDukuza Municipality does not have any municipal entities.
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the Kwa-Dukuza Municipality's Audit Committee with regard to the AFS been adequately addressed by the municipality?	Yes, the recommendations of the Audit Committee with regard to the AFS has been adequately addressed. Refer to pages 157 and 262 of the Annual Report.
	Have the recommendations of the Kwa-Dukuza Municipality's Audit Committee with regard to the AFS been adequately addressed by the municipality?	The Draft Annual Financial Statements were amended to include the queries raised by the Audit Committee.
	What actions have been taken in terms of these recommendations?	The Draft Annual Financial Statements were amended to include the queries raised by the Audit Committee.
	The conclusions on these recommendations and the actions required must be incorporated in this Oversight Report.	Conclusions and recommendations will be included into the Oversight report of the Annual Report

## APPENDIX N: MPAC OVERSIGHT REPORT

2. Allocations Received and Made	Council / Committee Considerations & Questions	Responses and comments
123 (1)(a) Allocations received by and made to the municipality.	Does the Kwa-Dukuza Municipality 2013/2014 Annual Report disclose the following:	
	Details of allocations received from another organ of state in the national or provincial sphere. (Government grants and subsidies).	Refer to Appendix F on pages 250-251 of the Annual Report
	Details of allocations received from a municipal entity or another municipality.	No allocations were received from a municipal entity or another municipality.
	Details of allocations made to any other organ of state, another municipality, or a municipal entity.	R8 528 290.00 of MIG funds were transferred to Ilembe District Municipality. The audit report highlighted in paragraph 34 that the payment schedule entered into between KwaDukuza and Ilembe District was not approved by National Treasury in writing of the payment schedule and is still awaiting their response. Refer to the statement of Financial Performance which is contained on page 169 of Annual Report.
	Any other allocation made to the municipality under Section 214(1)(c) of the Constitution.	Yes, allocation were made to the municipality in terms of section 214(1)(c) of the Constitution. Refer to pages 250-251 of Annual Report.
	Have these allocations been received and made?	Yes
	Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?	Yes, the audit report confirms the correctness as there are no matters reported on in terms of allocations received.
	Does the audit report or the audit committee recommend any action?	No action was recommended by the audit report or Audit Committee.
125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities	Has Kwa-Dukuza Municipality reported on whether it has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds?	Yes, this has been included in the Notes to Annual Financial Statements. Refer to note 32 on pages 226-227 of the Annual Report.
	Was Council satisfied that –	Yes.
	○ The information has been properly disclosed;	Yes.
	○ Conditions of allocations have been met; and	Yes.
	○ That any explanations provided are acceptable.	Yes.
	The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.	No informal audit queries were raised by the Auditor-General in respect of this.
123 (1)(c) Information in relation to the use of allocations received.	In terms of Section 123 of the MFMA and MFMA guidance circular 11, has Kwa-Dukuza Municipality provided information per allocation received per vote and include:	Yes.

## APPENDIX N: MPAC OVERSIGHT REPORT

2. Allocations Received and Made	Council / Committee Considerations & Questions	Responses and comments
	<ul style="list-style-type: none"> <li>The current year and details of spending on all previous conditional grants, for the previous two financial years.</li> </ul>	<p>Yes – refer to pages 250-251 of Annual reports which gives details of all allocations received and spent.</p>
	<ul style="list-style-type: none"> <li>Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state.</li> </ul>	<p>Yes – refer to pages 250-251 of Annual Report.</p>
	<ul style="list-style-type: none"> <li>Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</li> </ul>	<p>Yes – refer to page 248-251 of Annual Report.</p>
	<p>Has the Auditor-General ensured that the audit process included a proper assessment (and reconciliation) on all national grants received by Kwa-Dukuza Municipality?</p>	<p>Yes, the grants received by the Municipality have been highlighted in the notes to the Annual Financial Statements. Refer to pages 189-237 of the Annual Report.</p>

## APPENDIX N: MPAC OVERSIGHT REPORT

3. Disclosures in notes to AFS	Considerations relating to section 124	Responses and comments
Information relating to benefits paid by municipality and entity to Councillors, directors and officials	<p>Has the following information been included in the notes to the Kwa-Dukuza Municipality 2013/2014 Annual Report and Annual Financial Statements:</p> <ul style="list-style-type: none"> <li>○ salaries, allowances and benefits of political office bearers, Councillors and boards of directors, whether financial or in kind;</li> </ul>	Yes, refer to page 222 of the Annual Report.
	<ul style="list-style-type: none"> <li>○ any arrears owed by individual Councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of Councillors;</li> </ul>	Yes – refer to Note 32.6 – page 227 of Annual Report
	<ul style="list-style-type: none"> <li>○ salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</li> </ul>	Yes, refer to Note 22 on page 221 of Annual Report.
	<ul style="list-style-type: none"> <li>○ contributions for pensions and medical aid; travel, motor car, accommodation, subsistence and other allowances; housing benefits and allowances;</li> </ul>	Only S57 Managers are included. Refer to page 222 of the Annual Report.
	<ul style="list-style-type: none"> <li>○ overtime payments;</li> </ul>	N/A
	<ul style="list-style-type: none"> <li>○ loans and advances, and boards of directors, whether financial or in kind;</li> </ul>	N/A
	<ul style="list-style-type: none"> <li>○ any other type of benefit or allowance related to staff.</li> </ul>	N/A
	<p>Was Council satisfied that –</p> <ul style="list-style-type: none"> <li>○ the information has been properly disclosed;</li> </ul>	Yes – there were no shortcoming identified during the audit process.
	<ul style="list-style-type: none"> <li>○ conditions of allocations have been met; and</li> </ul>	Yes. – there were no shortcoming identified during the audit process
	<ul style="list-style-type: none"> <li>○ That any explanations provided are acceptable.</li> </ul>	Yes. – there were no shortcoming identified during the audit process

## APPENDIX N: MPAC OVERSIGHT REPORT

4. Municipal Performance	Council comments & considerations	Responses and comments
Information required to be included in the Annual Report		
The annual performance reports of the municipality and entities	Section 46, MSA requires Kwa-Dukuza Municipality to submit a performance report reflecting performance. A comparison of the performance with targets set for the previous year and measures taken to improve performance. This report forms part of the 2013/2014 Annual Report.	Kwa-Dukuza Municipality has submitted an Annual Performance Report. Refer to pages 76-103 of the Annual Report.
	Does the performance evaluation in the Annual Report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?	Yes, Refer to pages 76-103 of the Annual Report.
	Is the Council satisfied with the performance levels achieved?	No, refer to minutes of MPAC and the report of the Audit Committee on pages 154-157 of the Annual report
	Is the community satisfied with performance?	No, the results of the survey have not been communicated to the communities yet. This to be done by Ilembe as they conducted the survey within the family of municipalities
	Has a customer satisfaction survey been undertaken and, if so, how do the results align with the Annual Report contents?	The District municipality has conducted the satisfaction survey for the entire Ilembe District with all its LMs. The report was tabled Exco and Council for all municipalities. However, the municipality will do its own customer satisfaction survey for 2014/2015
	What were the outcomes of public consultation and public hearings in relation to the customer satisfaction survey?	The results are yet to be made public by the District Municipality
	What actions have been taken and planned to improve performance?	The municipality resolved to conduct its own customer satisfaction survey in 2014/2015
	Is the Council satisfied with actions to improve performance?	The issues covered do not entirely address all KDM challenges, hence a resolution to conduct own survey. The SCM process has started, the specification has been approved and will soon be advertised
	Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?	Yes, refer to pages 98-133 of the Annual Report
	Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	Yes, refer to pages 76-103 of the Annual Report.
	Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?	Not yet, Refer to Audit Report on pages 160-163 of the Annual Report and the Audit Committee Report on pages 154-157 of the Annual Report.
	To what extent have actions planned for the previous year been carried over to the financial year reported upon? Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?	Yes, the action plan is on pages 252-255 of the Annual Report.

## APPENDIX N: MPAC OVERSIGHT REPORT

4. Municipal Performance	Council comments & considerations	Responses and comments
Information required to be included in the Annual Report		
Audit reports on performance.	Section 45, MSA requires that the Auditor-General audit the results of performance measurements, as part of the internal auditing processes and annually.	The Auditor-General has conducted an audit, refer to pages 160-163 of the annual report.
	Have the recommendations of internal audit been acted on during the financial year?	No the recommendations of Internal have not been fully implemented, this is proved by the fact the AG raised a number of concerns on a number of matters regarding performance management.
	Have recommendations by internal audit and/or the Auditor-General been included in action plans to improve performance in the following year?	Yes, recommendations have been included. Refer to page 252-255 of the Annual report.
Performance of municipal entities and municipal service providers.	The Annual Report of Kwa-Dukuza Municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.	<ul style="list-style-type: none"> <li>○ KwaDukuza Municipality does not have any Municipal Entities.</li> <li>○ Performance of service providers is included as Appendix H on pages 263-273 of the Annual Report</li> </ul>
	Is the Council satisfied with the evaluation and conclusions of the Kwa-Dukuza Municipality?	Partially
	What other actions are considered necessary to be taken by the accounting officers?	None

## APPENDIX N: MPAC OVERSIGHT REPORT

5. General information	The following general information is required to be disclosed in the Annual Report.	Responses and comments
Information required to be included in the Annual Report	Council comments & considerations	
The use of any donor funding support.	What donor funding has Kwa-Dukuza Municipality received?	None
	Have the purposes and the management agreements for the funding been properly agreed upon?	N/A
	Have the funds been used in accordance with agreements?	N/A
	Have the objectives been achieved?	N/A
	Has the use of funds been effective in improving services to the community?	N/A
	What actions need to be taken to improve utilisation of the funds?	N/A
Agreements, contracts and projects under Private-Public-Partnerships.	Information similar to the details of municipal entities should be provided.	N/A
	Council should ensure that all details have been supplied.	N/A
Service delivery performance on key services provided.	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms.	Refer to pages 74-75 of the Annual Report
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included.	External loan as well as lease agreements have been entered into and are disclosed adequately in notes 2 & 40 of the annual financial statements as well as the appendixes. Refer to pages 189 & 235 of annual report for a schedule of external loans.
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	Details of significant IT activities at KwaDukuza Municipality are outlined indicating the effectiveness of the IT projects and the quality of IT services.	Details of significant IT activities at KwaDukuza Municipality are outlined on page 144-145 indicating the effectiveness of the IT projects and the quality of IT services.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework .	A summary of the long-term capital plans and how these address the backlogs of services in KwaDukuza Municipality.	Refer to Appendix M on pages 308-312 of the Annual Report

## APPENDIX N: MPAC OVERSIGHT REPORT

6. Other considerations recommended	Other considerations recommended	Responses and comments
Timing of reports	Was the Annual Report for KwaDukuza Municipality tabled in the time prescribed?	The Annual Report was tabled timeously. On the <b>29th of January 2015</b>
	Has a schedule for consideration of the report been adopted?	Yes, a schedule for consideration of the report has been adopted.
Oversight Committee or other mechanism	What mechanisms have been put in place to prepare the oversight report?	Yes, an MPAC Oversight Committee was established.
	Has a schedule for its completion and tabling been adopted?	Yes
Payment of performance bonuses to municipal officials.	As per to Section 57 MSA as amended, bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal Council. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the Annual Report.	Council complies with legislative prescripts. Quarterly reviews are conducted at the end of each quarter, there were delays in some instances, and however, this is being corrected in the 2014/2015 financial year. Any approved performance bonuses will only be paid after the Annual Report and Oversight Report is approved by Council.
	Have bonuses been paid based on achievements of agreed outputs and after consideration of the Annual Report by Council?	No, the Annual Evaluations for S56/57 Managers are only due to take place at the end of March after the adoption of the Oversight and the Annual Report
	If so has a proper evaluation of performance been undertaken?	No, the Annual Evaluations for S56/57 Managers are only due to take place at the end of March after the adoption of the Oversight and the Annual Report
	Was the evaluation approved by Council?	Not yet as this process is not yet complete.
	Does the performance evaluation align and reconcile with the performance reported in the Annual Report? If not, what reasons have been given for non-reporting of the basis of evaluation in the Annual Report?	Yes, the performance agreements of S56/57 Managers is based on the SDBIP and the Organisational Scorecard as detailed on pages 76-103 of the Annual report
	Are the payments justified in terms of performance reported in the Annual Report?	No payments have not yet been made until the evaluation is completed and the Council adopts the Oversight and the Annual Report.
	Conclusions and comments on the evaluation and payment of performance bonuses of Council should be included in the Oversight Report.	No, they will not be included in the Oversight Report, however, an evaluation report will be submitted to Council once all evaluation processes for S 56/57 Managers have been completed.

### 7. CONCLUSION

The onerous requirements of so many legislative mandates, makes it difficult to achieve an unqualified report, a feat that very few municipalities achieve in South Africa. The achievement of 9th consecutive unqualified audit reports for KwaDukuza Municipality is recognised and commended by the MPAC.

The MPAC commends Council, the Municipal Manager, the Senior Managers and all staff at KwaDukuza Municipality on the strides made towards good governance. However, much needs to be done in planning and reporting on performance information and the 2014/2015 financial year must target focussed attention in this area.

Having performed the following tasks:

- Reviewed and analysed the Annual Report;
- Invited, received, and considered inputs from Councillors and Portfolio Committees, on the Annual Report;
- Considered that 1 written comment was received on the Annual Report from the public consultation process;
- Conducted Public Hearings to allow the local community or any organs of state to make representations on the Annual Report;
- Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors;

The MPAC has pleasure in presenting the Oversight Report to Council to consider one of the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

### RESOLVED TO RECOMMEND

1. That Council having fully considered the Annual Report of the KwaDukuza Municipality, adopts the Oversight Report for the 2013/2014 Financial Year, with reservations as included in the comments in the Oversight Report as referred to hereunder:-
  - Significant Uncertainties (Service Level Agreements with Developers) (AG's report – paragraph 8)
  - Material Losses (Technical and Non-Technical Losses) (AG's report – paragraph 10)
  - Material underspending of the capital budget resulting on the impact of service delivery) (AG's report – paragraph 12)
  - Performance Management (AG's report – paragraphs 16-23)
    - (i) Systems
    - (ii) Portfolio of Evidence
  - Irregular Expenditure (AG's report – paragraph 31)
  - Compliance with laws and regulations (AG's report – paragraph 27)
  - Transfer of funds and conditional grants (AG's report – paragraph 32)
  - Internal control deficiencies (AG's report- paragraphs 34-37)
2. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
3. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

Moved by Councillor MSC Motala and seconded by Councillor C. Ndlovu



Cllr. L. Nhaca

Chairperson: Municipal Public Accounts Committee (MPAC)  
Date: 16 March 2015

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

### KWADUKUZA MUNICIPALITY

#### MINUTES OF MPAC OVERSIGHT MEETING HELD AT THE KWADUKUZA COUNCIL CHAMBER, KWADUKUZA ON WEDNESDAY, 18 FEBRUARY 2015 AT 09H00

**Present:**

**Councillors:** Cllrs OL Nhaca (Chairperson), R N Pakkies, CN Ndlovu, S Mfeka, S Ngwane, NP Dube, EM Kolia, MSC Motala, SD Mashiya

**Other Councillors:** Cllr Rekka Singh

**Audcom Members:** Wendy Oelofse (Chairperson of Audit Committee)

**Other:** Mr L Peruma (Office of the AG)

**Officials:** Messrs NJ Ndakane (Municipal Manager), S Rajcoomar (CFO), SC Viramuthu (ED:MS), M Manzini (ED:CG), P Murugan, Y Pillay (Director: Internal Audit), N C Dlamini (Dir.: PMS), SM Khanyile (Acting ED: Electrical), A Nunkumar (Dir.: Budgets & Compliance), J Sewdular, R Rampersad (Secretariat)

**Member of the Public:** Mr Y Kara

#### 1. Prayer

The meeting observed a moment's silent prayer.

#### 2. Notice of Meeting

The notice of meeting, which had been circulated, was taken as read and the meeting declared to be properly constituted. The Chairperson reminded all present of the three (3) meetings still to be held and if necessary more meetings will be held. She advised that it was important that all members attend these meetings as it is a matter of compliance.

#### 3. Apologies for Absence: Nil

#### 4. Leave of Absence :

**4.1 Granted:** Nil

**4.2 Applications:** Cllr TN Khumalo: 18 – 20/02/2015 (not well)

### RESOLVED

That official leave of absence be granted to Councillor TN Khumalo for the period 18 – 20/02/2015, both days inclusive.

#### 5. Declarations of Pecuniary Interest: Nil

#### 6. Signing of the Attendance Register

Noted by the Committee.

#### 7. Official Announcements:

- The issue of the resignation of Cllr CR Marsh on the Committee due to him being on Exco has left the Committee with one vacancy and this vacancy needs to be filled. It be noted that the matter is being discussed with the Municipal Manager and the Speaker and an item on the Reconstitution of Committees will be submitted to the next meeting of Council.

**ED:CS**

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### MPAC 01 MPAC OVERSIGHT COMMITTEE: 2015-02-18

#### OVERSIGHT REPORT, ANNUAL REPORT CHECKLIST AND ANNUAL REPORT FOR 2013/2014

### RESOLVED

#### 2013/2014 ANNUAL REPORT CHECKLIST

- The CFO and Director: PMS took the Committee through the Annual report Checklist.

#### PAGE 1 - 121 (3) (A)

- That it be noted that issuing and payment of traffic fines are in line with the new legislation.

#### PAGE 2 - 121 (3) (E)

- That a detailed report on write offs and whether this matter will be repeated to be submitted to the Committee.
- That it be noted that there has been an increase in bad debt however steps are being taken to collect the debt and most of the debt is housing debt (EEDBS).

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

### PAGES 3-6 (121 (3)(G))

- **Page 2-3 – Significant Uncertainty** – It be noted that the timing of reimbursements is not known. Development must be 70% connected and consuming. KDM has one (1) year to make provision on its budget. Ring-fenced investment accordingly to help with reimbursement. If developer does not claim within 20 year period, this falls away, however will check SLA again. A table showing each developer (start date, what potential exposure is) to be drawn up to enable Audcom to MPAC to track progress.
- **Page 3-4 - Material Losses** – Look at management responses when losses were at R23m. Responses need a thorough review as loss is still significant.
- **Page 4 - Material Underspending on Capital Budget** – A proper report to be submitted on the reasons for underspending, what financial effect has it had and the additional expenditure incurred on projects. What is lacking is a consolidated procurement plan to ensure turn round time is improved. The CFO indicated the challenges regarding appointment of service providers.

### PAGE 10 (123(1)(A))

- It be noted that a letter has been sent to National Treasury, however they have been non responsive and a note will be on the AFS until National Treasury responds in respect of the transfer of MIG funds to Ilembe District Municipality.

### AUDIT REPORTS ON PERFORMANCE

- Issues are being addressed in the 14/15 financial year.

### GENERAL

- It be noted that page numbers will change on final copy of Annual Report, once the final printers proof of the AR is available
- Any additional information will be included.
- Any errors with regards to grammar and spelling to be forwarded to the Director: PMS
- All comments, received from the public and the Portfolio Committees must be considered at the next meeting.
- A response to the letter from a member of the public, Mr Y Kara to be submitted to the next meeting.
- All future meetings to be advertised timeously.
- It be noted that the AG would like to look at the document before printers copy as queries have been raised and need to be incorporated.
- Dir.: Internal Audit advised that officials to look at previous years' annual reports and repeated findings as well as the AG's comments and the action taken.

### DATE OF NEXT MEETING

- It be noted that the next meeting will be held on Tuesday, 3 March 2015 at 09h00, Council Chambers.

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***There being no further matters for discussion, the meeting terminated at 11h30.***

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

### KWADUKUZA MUNICIPALITY

#### MINUTES OF MPAC OVERSIGHT MEETING HELD AT THE KWADUKUZA COUNCIL CHAMBER, KWADUKUZA ON TUESDAY, 3 MARCH 2015 AT 09H00

**Present:**

**Councillors:** Cllrs OL Nhaca (Chairperson), R N Pakkies, CN Ndlovu, S Ngwane, TN Khumalo, NP Dube, EM Kolia, SD Mashiya

**Audcom Members:** Wendy Oelofse (Chairperson of Audit Committee), Z Zulu (Chairperson of PAC)

**Officials:** Messrs NJ Ndakane (Municipal Manager), S Rajcoomar (CFO), SC Viramuthu (ED:MS), M Manzini (ED:CG), P Murugan, Y Pillay (Director: Internal Audit), N C Dlamini (Dir.: PMS), SM Khanyile (Acting ED: Electrical), A Nunkumar (Dir.: Budgets & Compliance), J Sewdular, M R Mahlalela, R Rampersad (Secretariat)

#### 1. Prayer

The meeting observed a moment's silent prayer.

#### 2. Notice of Meeting

The notice of meeting, which had been circulated, was taken as read and the meeting declared to be properly constituted, however it be noted that there was confusion with regards to the date and venue of the meeting. Dir.: PMS advised that the date was correctly advertised as 3rd and 11 March 2015 with the venue being Council Chambers.

**3. Apologies for Absence:** Messrs AM Manzini, Y Pillay (in Joburg attending conference), NJ Mdakane (MFMP training), SV Hlongwane (paternity leave), M Sithole, SM Khanyile (TEC meeting)

#### 4. Leave of Absence :

**4.1 Granted: Nil**

**4.2 Applications:** Cllr MSC Motala: 2-5/03/2015 (family responsibility)  
Cllr S Mfeka: 3/03/2015 (family responsibility)

### RESOLVED

1. That official leave of absence be granted to Councillor MSC Motala for 2-5/03/2015, both days inclusive.

2. That official leave of absence be granted to Cllr S Mfeka for 3/03/2015 only.

**5. Declarations of Pecuniary Interest: Nil**

#### 6. Signing of the Attendance Register

Noted by the Committee.

**7. Official Announcements : Nil**

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### 2013/2014 ANNUAL REPORT CHECKLIST

- o The Director: PMS took the Committee through the Annual report Checklist.

#### The following points were highlighted:-

- a) That with regards to the previous performance, the Committee can take a decision whether to include in Oversight Report or not.

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

- b) Page 4 – Ensure that all issues from previous audits are covered.
- c) Customer Satisfaction Survey for 14/15 – CFO needs to confirm whether budget available.
- d) Page 8 – Cashflow problems of Contractors : CIDB rating indicates whether contractor can perform and a bank rating is provided by the bank however due to poor cash management and or over commitment by contractor results in non-performance. Contractors of this nature are barred by National Treasurer to carry out further work.

A report on all contractors and service providers that we have restricted or have taken a decision to restrict to be submitted to the next meeting of MPAC. The report must also indicate reasons for the restriction. All the information to be recorded in a table which will also have columns for date instruction received to restrict, date when restriction was implemented and date when details appeared on the NT data base.

### CFO

- e) That a generic report be submitted to Council on the performance of service providers. There should be synergy between the Finance and Technical Departments when dealing with projects. It be noted that presently the PMU have monthly meetings with consultants and a paper trail to ensure payments are made appropriately with a commitment schedule and contracts register in place.
- f) That the comments received from Mr Y Kara have been noted and the Director: PMS has responded to some of the queries. Other departments to provide their responses.

- g) It be noted that the Finance Portfolio Committee resolved that the matter be discussed at Finance and all ED's provide their input at the next meeting of Finance. The Municipal Manager to ensure that all Portfolio Committees make their submissions before the next sitting of the Oversight Committee.

## RESOLVED

1. That the Annual Report Checklist for 2013/2014 be noted and accepted.
2. That each Portfolio Committee provide their input on the Annual Report.
3. That any corrections to be made in the Annual Report be provided to the Director: PMS.
4. That Audcom provide a draft Oversight Report and the minutes of the meetings held thus far be included on the next agenda.
5. That any other inputs to be emailed to the Chair and Dir.: PMS.

## DATE OF NEXT MEETING

- o It be noted that the next meeting will be held on Wednesday, 11 March 2015 at 09h00, Council Chambers.



***There being no further matters for discussion, the meeting terminated at 10h40.***

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

### KWADUKUZA MUNICIPALITY

#### MINUTES OF MPAC OVERSIGHT MEETING HELD AT THE KWADUKUZA COUNCIL CHAMBER, KWADUKUZA ON MONDAY, 16 MARCH 2015 AT 14H00

**Present :**

**Councillors:** Cllrs OL Nhaca (Chairperson), CN Ndlovu, SMR Mfeka, MSC Motala, A Gopaul

**Audcom Members:** Wendy Oelofse (Chairperson of Audit Committee)

**Office of the AG:** Mr Losh Peruma, Indhren Perumaul

**Officials:** Messrs NJ Mdakane (MM), S Rajcoomar, Y Pillay, N C Dlamini (Dir.: PMS), SW Kubheka (ED:CS), M Sithole, SC Viramuthu, SV Hlongwane, R Rampersad (Secretariat)

**1. Prayer**

The meeting observed a moment's silent prayer.

**2. Notice of Meeting**

The notice of meeting, which had been circulated, was taken as read and the meeting declared to be properly constituted.

**3. Apologies for Absence:** Nil

**4. Leave of Absence :**

**4.1 Granted:** Nil

**4.2 Applications:** Nil

**4.3 Absent:** Cllrs TN Khumalo, RN Pakkies

**5. Declarations of Pecuniary Interest:** Nil

**6. Signing of the Attendance Register**

Noted by the Committee.

**7. Confirmation of Minutes and Matters Arising:** 11 March 2015

That the minutes of the meeting dated 26 February 2015 be confirmed.

Moved by Cllr MSC Motala and seconded by Cllr CN Ndlovu

### MATTERS ARISING : 11 MARCH 2015

- That it be noted that the action plans addressing issues / repeated findings will form part of the Annual Report. Refer to page 252.
- That the Director: PMS will consolidate all responses and this will form part of the Annual report.
- That it be noted that a meeting will be held with Director: PMS and Mr Losh Peruma to finalise final document.

**8. Official Announcements :**

1. The Municipal Manager advised that a Special Council meeting will be held either on 27th or 31st March 2015 to adopt Annual Report and Draft Budget.

### A. 2013/2014 OVERSIGHT REPORT

**The Director:** PMS took the Committee through the report and the following was noted :-

- a) That the references will still have to be corrected as per AG's input.

### RESOLVED TO RECOMMEND

4. That Council having fully considered the Annual Report of the KwaDukuza Municipality, adopts the Oversight Report for the 2013/2014 Financial Year, with reservations as included in the comments in the Oversight Report as referred to hereunder:-
  - Significant Uncertainties (Service Level Agreements with Developers) (AG's report – paragraph 8)
  - Material Losses (Technical and Non-Technical Losses) (AG's report – paragraph 10)
  - Material underspending of the capital budget resulting on the impact of service delivery) (AG's report – paragraph 12)
  - Performance Management (AG's report – paragraphs 16-23)
    - (i) Systems
    - (ii) Portfolio of Evidence
  - Irregular Expenditure (AG's report – paragraph 31)
  - Compliance with laws and regulations (AG's report – paragraph 27)
  - Transfer of funds and conditional grants (AG's report – paragraph 32)
  - Internal control deficiencies (AG's report- paragraphs 34-37)
5. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
6. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

Moved by Councillor MSC Motala and seconded by Councillor C. Ndlovu

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***There being no further matters for discussion, the meeting terminated at 11h30***

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

### ANNEXURE A- RELATED TO COMMENTS RECEIVED FROM MEMBERS OF THE PUBLIC & PORTFOLIO COMMITTEES

#### 1. Comments received from Mr Y Kara- Member of the public

- In response to the issues raised by Mr Kara on the incomplete Annual Report placed in Municipal Offices, the PME unit checked the copy he had against the copy that was discussed at MPAC and noticed that he was in possession of the incorrect copy which was not clear how it landed into his hands as that particular copy was never made public as it was still a working document, he did not have the copy that was later tabled to council which was now being evaluated by the MPAC. However, he was provided with the correct copy after his first meeting that took place on the 18th of February.
- Area of performance management not prioritized by senior management despite repeated requests from the Performance Audit Committee's (PAC). This is a generalised comment and does not recognise progress made by all departments in improving this area
- Concern of Audit Committee (AC) that the individual performance evaluations of section 56 and 57 managers for the 2012/2013 financial year were only completed in April 2014! Quarterly individual performance evaluations were only undertaken 2 to 3 months after the end of the quarters. We had to await the final outcome of the AG audit before these could be conducted. This is the practice at KDM. In fact, only after the tabling of the Oversight Report that any performance bonuses are considered for payment.
- The standard operating procedure (SOP) which management undertook to put in place following the receipt of the AG's report for the 2012/2013 financial year were still not in use more than 12 months after making this undertaking. This is a general statement. Certain departments have implemented these SOPs.
- Financial statements were not prepared on a quarterly basis. Financial statements were produced for Q2 and Q3. However, these were not submitted to Audit Committee. These were however forwarded to the AG for auditing.
- What tangible efforts are being made not only to recover technical and non-technical losses in electricity but also prevent and prosecute perpetrators concerned since seeing that non-technical losses increased by R15, 616,908 i.e. an unfavorable variance over the prior year of 33.86%! What steps have been put in place to ensure that this does not happen again? A specific task team has been put in place in order to deal with this challenge which is being experienced on a National basis. Some of the projects already implemented include: verification of accuracy of bulk metering equipment; awarding of a tender to replace bulk meters with smart meters capable of remote interrogation, appointment of external service providers to conduct meter inspections, identification of illegal connections and disconnection of services; specific infrastructure projects aimed at improving reticulation efficiency thereby reducing technical losses
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure increased by R46,586,744 i.e. an unfavorable variance over the prior year of a whopping 74.61%! What steps have been taken to ensure that this is stopped immediately and that the necessary steps taken to discipline and immediately dismiss perpetrators concerned? All irregular expenditure was identified, tabled before Council and Council referred the matter to MPAC for investigation. After consideration by MPAC, necessary actions have been implemented. Currently, all irregular expenditure has been forwarded to National Treasury for condonation. It must be mentioned that the existence of irregular expenditure does not automatically imply fraud, corruption or theft. The irregularity can arise out of a minor non-compliance with SCM regulations, these have been duly addressed through the action plan in the Annual Report which is on pages 252-255.
- It is also totally unacceptable that copies of contracts which could not be located and made available to audit increased in value by a massive R7,605,134 i.e. an unfavorable variance of 230.51%! This is getting worse every year and is spiraling out of control. What action has been taken to discipline and immediately dismiss perpetrators concerned? It is inconceivable that something like this could happen in this day and age. What steps have been put in place to ensure that this does not happen again? The entire document management system related to tenders and subsequent contracts has been overhauled. There is a 3-point checking system that has been introduced that encompasses the endeavors of 3 different directorate – Corporate Services, Corporate Governance and Finance. In addition, a tender has just been awarded for the construction of a fire proof strong room within the SCM Building so that all tender related documentation will be stored in a highly controlled environment.
- Why has non-submission of tax clearance certificates and/or declarations of interest by suppliers, staff/contractors not registered with CIDB increased substantially by R429,628 i.e. an unfavorable variance over the prior year of 963.10%? Why is there not full disclosure regarding who benefitted from these transactions? What action has been taken to discipline and immediately dismiss perpetrators concerned? What steps have been put in place to ensure that this does not happen again? This amount needs to be considered in context. The tender committees have awarded tenders in excess of R500m and the amount of R490 628 represents just under 0.09% of the total award. So it is safe to conclude that the overwhelming majority of tenders were awarded without these deficiencies. Some of the irregularity arose because of either false disclosures or non-disclosure by the bidders. These matters are currently under investigation by the Head SCM and the appropriate action will be taken.
- The irregular expenditure pertaining to grass cutting contracts approved by council and awaiting NT condonement, increased by R5,181,796

## APPENDIX N: MPAC OVERSIGHT REPORT - MINUTES O MPAC OVERSIGHT COMMITTEE

- i.e. an unfavorable variance of 27.17% over the prior year. What action has been taken to discipline and immediately dismiss perpetrators concerned? What steps have been put in place to ensure that this does not happen again? It must be pointed out that the irregularity is not as a result of fraud or theft but deficiencies in the procurement processes. Processes to regularise the provision of these services are currently underway.
- Irregular expenditure due to conducting business with persons in the service of the state stands at R912,184. Why has full disclosure not been made regarding who the beneficiaries? How was this allowed to happen? What action has been taken to discipline and immediately dismiss perpetrators concerned? What steps have been put in place to ensure that this does not happen again? This has arisen primarily due to non- or false disclosure by the bidders. The Head of SCM is currently investigating all these matters with a view of compiling a report to the Municipal Manager for further action
  - Section 36 approvals subsequently reclassified of R1,140,000 vs R1,278,827 refers. Why has full disclosure not been made in this regard as note 32.7 does not provide any information of substance regarding who benefitted from these transactions? What steps have been put in place to ensure that this does not happen again? Details of all section 36 procurement are submitted every month to the Finance Portfolio committee.
  - Irregular expenditure of R52,606,760 refers. What tangible efforts were made to recover this? How was this allowed to happen? Who bears the cost of this write off? Have the ratepayers borne the brunt of this write off by increased costs in services provided by the KDM? What action has been taken to discipline and immediately dismiss perpetrators concerned? What steps have been put in place to ensure that this does not happen again? This matter has been extensively dealt with in certain paragraphs above. However, once again, it is emphasised that the irregularity is not attributable to theft, fraud or misappropriation. The municipality received services for all payments made. The process of regularising this expenditure is currently underway.
  - Disclosures of Financial Interests for all section 56/57 staff are on Appendix I of the Annual Report
- ### 2. Comments received from the Finance Portfolio Committee
- The committee was unhappy about the issues raised by the AG as outlined in the AG report on pages 160-163 of the Annual Report, and they wanted to know what Senior Management is planning to do to ensure that there is no repeat of the same in the 2014/2015 Financial Year. They requested that all EDs provide reports with action plans to the Finance Portfolio Committee.
  - This has been addressed in the Annual Report pages 252-255 on the action plan to address AG queries and EDs will prepare the responses to the Finance Portfolio Committee as requested.
- ### 3. Comments received from the EDP Portfolio Committee
- The missing word can be better provided by the EDP Department as the information was received from them, we have checked the original document it also ends with Local and there is no information following the word, if they can provide the missing information so that this can be corrected accordingly.
  - Measures to improve performance are provided by the Departments, on numerous occasions, the PME unit sent the report back and forth but no other responses were received from all the Departments that were affected other than what appears in the report currently.
  - All performance highlights, challenges and corrective actions were requested from Departments on many occasions, and what appears in the Annual Report is what was provided by the Departments as they know which areas would suit becoming highlights of their Department better. Photos were also requested from all Heads of departments on key performance highlights that needed to go into the Annual Report, all those photos that were provided have been included in the Annual Report.
  - Attendance of Exco, Council, and Portfolio Committees are found in Appendices A, B and B(1) of the Annual Report on pages 256-258 of the Annual Report.
  - The mid-term of Council and 20 years of Celebration have been mentioned in both the Mayors and the MMs Forewords on pages 5, 14 and 15 of the Annual Report.
- ### 4. Comments received from LPA/HR Portfolio Committee
- Section 70 Committees have been corrected on page 44 of the Annual Report.
  - Political parties have been accordingly amended on page 45 of the Annual Report.
  - All other concerns of the LPA/HR Portfolio have been addressed through the Action Plan on pages 252-255 of the Annual Report.
- ### 5. Comments received from Technical Portfolio Committee
- Concerns on the measures to improve performance, corrective measures in response to findings raised by the Auditor-General have been duly addressed in the Annual Report pages 252-255 of the Annual Report.









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