

# ANNUAL REPORT 2020/2021

*This Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*



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DEFINITIONS	
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Financial Statements</b>	The annual financial statements of a municipality as audited by the Auditor-General and approved by Council or a provincial or national executive.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor-General.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Sets out municipal goals and development plans.
<b>National Key Performance Areas</b>	Five National Key Performance Areas are: <ul style="list-style-type: none"> <li>• Municipal Transformation and Institutional Development</li> <li>• Basic Service Delivery and infrastructure Development</li> <li>• Good Governance and Community Participation</li> <li>• Cross Cutting Interventions</li> <li>• Social and Economic Development</li> <li>• Financial Viability and Management</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e., a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

<b>Performance Standards</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In the employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.
<b>Performance Targets</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery and Budget Implementation Plan</b>	Detailed plan annually approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>"(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."</i></p>

## ACRONYMS

ACRONYMS	
<b>A/PC</b>	Audit/Performance Committee
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ANC</b>	African National Congress
<b>A-NC</b>	Ante-Natal Clinic
<b>APR</b>	Annual Performance Report
<b>AQMP</b>	Air Quality Management Plan
<b>ASB</b>	Accounting Standards Board
<b>ACF</b>	Anti-Corruption and Fraud
<b>CBD</b>	Central Business District
<b>CCAP</b>	Climate Change Adaption Plan
<b>CFO</b>	Chief Financial Officer
<b>CIGFARO</b>	Chartered Institute of Government Finance, Audit and Risk Officers
<b>CLLR</b>	Councillor
<b>CIP</b>	Comprehensive Infrastructure Plan
<b>RCM</b>	Risk and Compliance Manager
<b>DA</b>	Democratic Alliance
<b>DCOGTA</b>	Department of Co-operative Governance and Traditional Affairs
<b>DED</b>	Department of Economic Development
<b>DoA</b>	Department of Agriculture
<b>DoRA</b>	Division of Revenue Act
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>ECD</b>	Early Childhood Development
<b>EEA</b>	Employment Equity Act
<b>EFF</b>	Economic Freedom Fighters
<b>EIA</b>	Environmental Impact Assessment
<b>EPWP</b>	Expanded Public Works Programme
<b>FRM</b>	Fraud Risk Management
<b>GIS</b>	Geographic Information System
<b>GRAP</b>	Generally Recognised Accounting Practice



<b>GV</b>	General Valuation
<b>GVA</b>	Gross Value Added
<b>HIV</b>	Human Immunodeficiency Virus
<b>HR</b>	Human Resources
<b>IAS</b>	Invasive Alien Species
<b>IFP</b>	Inkatha Freedom Party
<b>ICT</b>	Information and Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IEM</b>	Integrated Environmental Management
<b>IGR</b>	Inter-Governmental Relations
<b>INEP</b>	Integrated National Electrification Funding
<b>IOD</b>	Injury on Duty
<b>ISAMAO</b>	Institute of South African Municipal Accounting Officers
<b>ITP</b>	Integrated Transport Plan
<b>IWMP</b>	Integrated Waste Management Plan
<b>KFA</b>	Key Focus Area
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>LLF</b>	Local Labour Forum
<b>MM</b>	Municipal Manager
<b>MFMA</b>	Municipal Finance Management Act
<b>MGRO</b>	Municipal Governance Review and Outlook
<b>MICE</b>	Meetings, Incentives, Conferences and Exhibitions
<b>MIG</b>	Municipal Infrastructure Grant
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MPRA</b>	Municipal Property Rates Act
<b>MSA</b>	Municipal Systems Act
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>NBR</b>	National Building Regulations
<b>NEMAQA</b>	National Environmental Management: Air Quality Act
<b>NEMBA</b>	National Environmental Management: Biodiversity Act

<b>NERSA</b>	National Energy Regulator of South Africa
<b>NGO</b>	Non-Governmental Organisation
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualification Framework
<b>PMS</b>	Performance Management System
<b>PPP</b>	Public-Private Partnership
<b>RBIG</b>	Regional Bulk Infrastructure Grant
<b>SAHRA</b>	South African Heritage Resources Agency
<b>SALGA</b>	South African Local Government Association
<b>SAPS</b>	South African Police Service
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SEDA</b>	Small Enterprise Development Agency
<b>SEM</b>	Staff Employee Monitoring
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SO</b>	Strategic Objective
<b>SOP</b>	Standard Operating Procedure
<b>STATSSA</b>	Statistics South Africa
<b>SV</b>	Supplementary Valuation
<b>TASK</b>	Tuned Assessment of Skills and Knowledge
<b>UIF</b>	Unemployment Insurance Fund
<b>WTW</b>	Water Treatment Works
<b>WWTW</b>	Wastewater Treatment Works

# CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: MAYOR'S FOREWORD



**Honourable Mayor: Cllr N.S. Mthethwa**

It gives me great pleasure to present to you the Annual Report, Annual Performance Report (APR) and Annual Financial Statements (AFS) for the 2020/2021 financial year, which is a detailed account of the municipality's performance. The report is in line with the requirements of the Municipal Finance Management Act 56 of 2003 and other relevant pieces of legislation that dictate transparency and accountability in the execution of the municipality's mandate, and it is in this context that this report is prepared.

The uMhlabuyalingana Municipal Council adopted its vision, mission, core values and key strategic objectives to meet the municipality's rapidly changing and growing needs. The municipality's vision is aligned to the National Development Plan (NDP), KwaZulu-Natal Provincial Growth and Development Strategy (PGDS) and the District Growth and Development Plan (DGDP) that seeks to create an enabling environment for growth, development, employment and job creation as well as sound financial management.

***Vision:***

*"To be a people-centred premier socio-economic development and environmentally friendly service delivery municipality by 2030"*

***Mission Statement:***

*"Creating an enabling environment and sustainable development which promotes quality of life".*

Table 1: Core Values

Integrity	Courtesy	Transparency
Redress	Quality service	Learning
Benchmarking	Good governance	Dialogue and Diversity
Commitment	Honesty	Partnership and Professionalism
Interpersonal skills	Responsibility	Consultation/Participation
Accessibility	Accountability	

The year 2020/21 was a very challenging year for local government in general as it was the first full financial year in which municipalities operated under the national COVID-19 lockdown regulations. Municipalities, due to their proximity to communities, have a central role to play in the government's response to combat the spread of the virus. As such, regulations and directives issued by national government to give effect to the government's fight against this virus have a direct impact on all the facets of the municipality's operations.

The pandemic and resultant lockdown have led to massive job losses and reduced income for both businesses and individuals, which ultimately affected municipal revenue. Our municipality was already struggling to collect revenue from service charges and rates and this situation has worsened as a result of the pandemic. The COVID-19 pandemic continues to have a devastating impact on our society and requires unprecedented action on the part of the government, across all three spheres, to curb the spread of the virus. The impact of the national lockdown has far-reaching implications for municipalities, who are at the coalface of the delivery of essential services. The impact of the virus will be felt by municipalities far beyond the lockdown period.

Notwithstanding the above, the year 2020/2021 was a progressive period although it presented the municipality with a plethora of challenges. However, tangible effort was made to deliver on the Municipality's priority programmes as outlined in the broader Municipal Integrated Development Plan (IDP). As such significant strides were made to address service delivery backlogs which hindered positive narrative on service delivery.

During the 2020/21 financial year, the municipality embarked on a concerted drive to address the backlog in infrastructure projects carried over from the previous financial year brought about particularly by the level 5 lockdown regulations. Further to that the municipality

procured its own grader, tipper truck and water tanker to reduce costs associated with hiring the plant from service providers. Moreover, several electrification projects were planned in the following wards 7, 10, 12, and 16, however only one project was successfully completed which is Mahlangu extension in ward 10. In terms of electrification, uMhlabuyalingana has the highest backlog of electricity supply of all municipalities in South Africa (81.5%), with 7 329 households having access, versus 32 285 which don't. The municipality has to do more towards improving the lives of our people through the introduction of more electrification projects. We were also unable to finish several infrastructure projects, in particular access roads due to disruptions caused by community protests, COVID 19 lockdown and Amadela Ngokubona organisation. The municipality has applied for a roll-over of funds to complete the projects during the 2020/21 financial year.

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The Municipality continued to align its operations to the Sustainable Development Goals, National Development Plan 2030, Provincial Growth and Development Strategy, National Infrastructure Plan, National Government Outcomes, Provincial Priorities, District Growth & Development Strategy and other strategies guiding municipal development socially and economically. In line with PGDS Goal 1 of job creation, the municipality implemented the EPWP project and created numerous job opportunities, in which it appointed unemployed graduates from our various wards both male and females thus ensuring they have access to experiential learning.

The municipality aligns to all the six goals of the PGDS and this is articulated in our IDP. As part of the preparations for the fifth generation Integrated Development Plan (IDP) which caters for the 2017/18 to 2021/22 Financial years, the municipality has ensured that the objectives of the municipality are aligned to all the relevant national, provincial and local strategies.

The Municipality's IDP is a five-year strategic plan, where the many interests, wishes and preferences of the community are mediated and put into action. The municipality's budget allocates resources to this plan. Each year, municipalities review their IDPs and pass a budget for their financial year, which runs from 01 July to 30 June. The COVID-19 pandemic has disrupted the regular flow of one key governance process, which is budget public participation process, normally held in April. The lockdown regulations limiting gatherings made consultations with the community through the traditional community meetings impossible and made demands of the municipality to be innovative in the way it achieves public participation in this regard. An initiative was taken to present the 2020/2021 budget through local community radio station and distribution of pamphlets to the community.

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On a final note, I wish to highlight that there is a performance management system in place to ensure that we deliver on the set strategic objectives and targets. Management reports on

performance against planned targets monthly and these are audited every quarter by our Internal Audit Unit. Our municipality will continue to work in unison with provincial and national government to deliver essential services during this period while contributing to the fight against the COVID-19 pandemic.

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**Cllr N.S Mthethwa**

**Mayor: uMhlabuyalingana Municipality**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



**Municipal Manager: Mrs Nonhlanhla Patricia Gamede**

One must acknowledge that 2020/2021 was a challenging year for the municipality particularly because of the difficulties presented by the COVID-19 pandemic and the range of lockdown regulations promulgated by national government in response thereto. This compelled the municipality to thoroughly review the way it does things and significantly affected the allocation of resources for each of its activities.

During COVID-19, municipalities were given an additional opportunity to pass an adjustments budget. Municipalities were permitted to pass a special adjustment to their 2019/20 budgets. These have to be tabled by 15 June 2020. This enabled municipalities to legalise expenditure related to COVID-19 which had not been catered for in their 2019/20 budgets. These adjustments may only relate to funding for COVID-19 related responses.

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This Annual Performance Report focuses primarily on the achievements and constraints experienced with the implementation of corrective measures during the financial year under review, which had many challenges as mentioned above. Furthermore, this Annual Performance Report serves as an accounting mechanism to communities and other spheres of government on the municipality's achievements and challenges in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Organisational Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review. The Annual Performance Report also highlights mitigation and remedial



measures implemented to address the challenges. While it reflects that progress has been made in service delivery despite the challenging and unprecedented operating environment, there are undeniable challenges that need to be addressed in order to improve performance.

It must be noted that institutional performance is influenced by three key aspects, namely, leadership, financial and performance management and governance, as they are the pillars of ensuring that a municipality is functioning at its optimum level.

The municipality's performance has improved considerably by 22% year-on-year (85% in the 2020/2021 financial year as compared to 63% in 2019/2020). Furthermore, the municipality has continued to sustain good relationship with other organs of state, co-operative governance as well as intergovernmental Relation Framework Act through co-operatively engaging other sector departments in the integrated Development Planning Forum meetings as well as Intergovernmental Relations meetings with municipalities in the uMkhanyakude District. These collaborations have generally yielded the desired effect, although there is room for improvement.

Legislative compliance requirements for local government are encapsulated in the various regulations and related prescripts that dictate how the municipality should operate. Our municipality has complied with most of the legislation and regulations, particularly in terms of adopting the Annual Budget, Annual/Quarterly Reports and performance reviews.

On a final note, it is worth mentioning that the municipality has sustained the unqualified audit opinion with findings on other matters for the 2020/2021 financial year and has taken significant strides to improve this audit opinion in the coming financial year. We again commit to working tirelessly and diligently during the next financial year to eliminate administrative inadequacies and to strengthen our control and reporting environment in order to regain our Clean Audit.

As the Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of uMhlabuyalingana Local Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2020/2021 financial year.

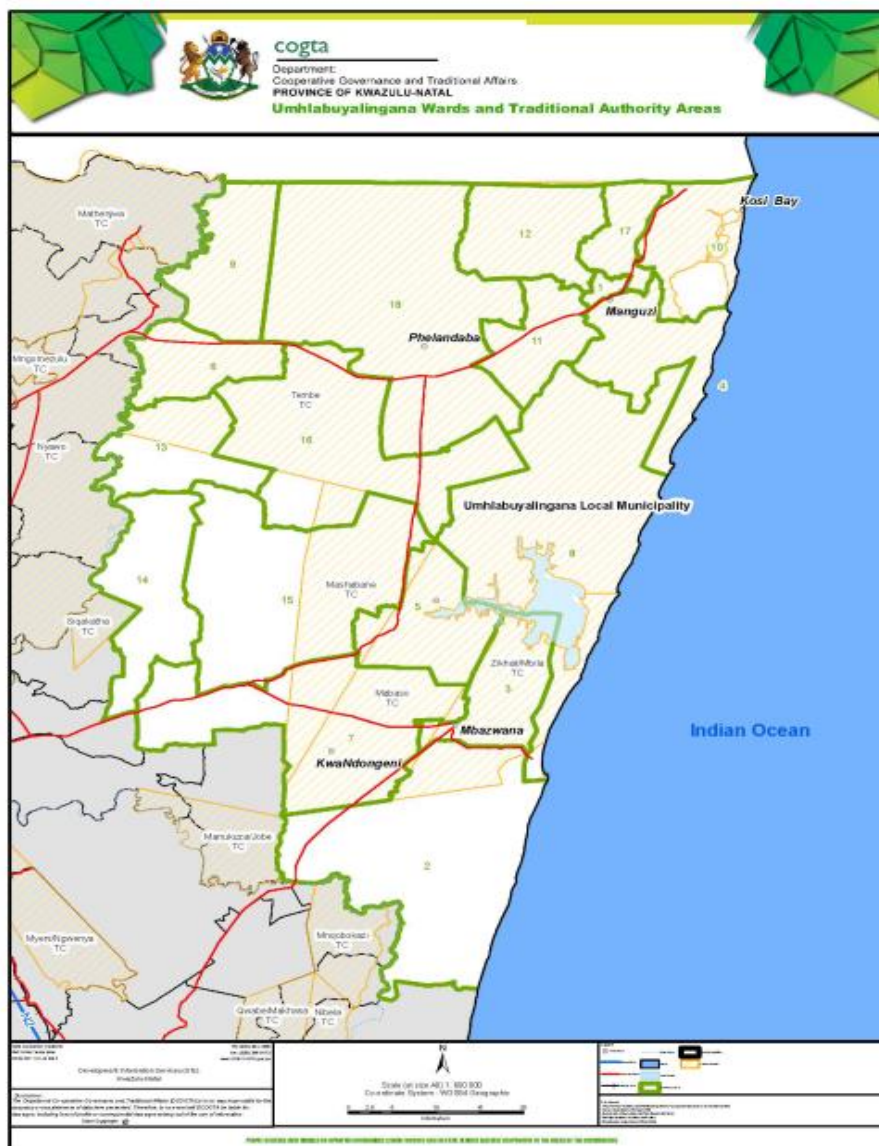
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**Mrs N.P. Gamede**

**Municipal Manager: uMhlabuyalingana Municipality**

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Map 1: uMhlabuyalingana Municipality Locality



SOURCE: KZN CoGTA GIS UNIT

uMhlabuyalingana Municipality is one of the five municipalities in the jurisdiction of uMkhanyakude District Municipality, situated in the north-eastern part of KwaZulu-Natal Province in South Africa. It is located along the border with Mozambique to the north, the

Indian Ocean to the east, Jozini Municipality to the west, the Big Five Hluhluwe Municipality to the south and Mtubatuba Municipality along the northern coastal belt of KwaZulu-Natal. This municipality is predominantly rural, with the population spread amongst the 18 municipal wards and the four traditional council areas (Tembe, Mashabane, Mabaso and Zikhali).

Access to uMhlabuyalingana is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

#### 1.2.1 Municipal Powers and Functions

The municipality derives its powers and functions from the prescripts of the Constitution, Schedule 4, part B read in conjunction with Section 152, which contains the objects of local government. Municipal transformation and institutional development relate to a fundamental and significant change in the way the municipalities perform their functions, deploy resources and the institutional strategies applied to achieve optimum results for delivery of quality services to the communities served.

Transformation and institutional development is expected to take shape where the following is addressed as part of our strategic planning and direction:

**Table 2: Municipal Powers and Functions**

DISTRICT MUNICIPAL FUNCTIONS	SHARED DISTRICT AND LOCAL FUNCTIONS	LOCAL MUNICIPAL FUNCTIONS
Potable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations (National Building Regulations)
Electricity Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Management System in Built-up areas
	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of advertisement in Public Places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps and Solid Waste	Control of Public Nuisances
		Facilities for the Accommodation, Care and Burial of Animals
		Fencing and Fences
		Licensing of Dogs
		Local amenities
		Local Sport Facilities
		Municipal Parks and Recreation
		Noise Pollution
		Pounds
		Public Places
		Street Trading
		Street Lighting
		Traffic and Parking

### 1.2.2 Population Profile

To reflect how the municipality relates to other municipalities within the district, tables and analysis in some instances may reflect information relating to the district family of municipalities. This was done to compare uMhlabuyalingana Municipality with other municipalities within the family. Due to the unavailability of statistics for the recently merged/formed Big Five Hlabisa Local Municipality, the document makes reference to the former Big Five False Bay Local Municipality and the former Hlabisa Local Municipality.

According to the 2016 Community Survey, the municipal area has a total population of 172,077. This represents about 25% of the district's population, which is the third largest in the district. It is noted that the population growth rate between 2001 and 2011 was 0.95% per annum (Stats SA, 2011). With the increase in the municipal population size, the municipality has to strengthen its planning to ensure appropriate service delivery and to address the backlog by meeting the demands of the increasing population, while at the same time maintaining the existing infrastructure. This population is spread over an area of approximately 3,621 m<sup>2</sup> in size.

**Table 3: Population Figures**

Municipality	Total Population			Growth Rate
	2001	2011	2016	%
uMkhanyakude District Municipality	573 341	625 846	689 090	9,2%
<b>uMhlabuyalingana Municipality</b>	<b>142 565</b>	<b>156 736</b>	<b>172 077</b>	<b>8,9%</b>
Mtubatuba Municipality	145 820	175 425	202 176	3,2%
Jozini Municipality	184 206	186 502	198 215	5,9%
Big Five Hlabisa Municipality	31 482	107 183	116 622	8,7%

Source: Stats SA, 2001, 2011 & 2016

### 1.2.3 Population Details

uMhlabuyalingana Municipality has, over the last few years, experienced phenomenal population growth. The table below shows the population distribution by gender and age for the years 1996, 2001 and 2011.

**Table 4: Population by Age and Gender for 1996, 2001 and 2011**

uMhlabuyalingana Municipality									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 – 4	9 236	9 226	18 462	9 727	9 738	19 465	11 291	10 989	22 280
5 – 9	9 897	9 875	19 772	10 556	10 777	21 333	10 181	9 794	19 975
10 – 14	8 972	9 122	18 094	10 602	10 831	21 433	10 697	9 982	20 679
15 – 19	7 262	7 938	15 200	9 027	9 539	18 566	10 014	10 030	20 044
20 – 24	4 768	6 319	11 087	5 477	6 724	12 201	6 855	8 057	14 912
25 – 29	3 144	5 379	8 523	3 421	5 690	9 111	4 699	6 614	11 313
30 – 34	2 359	4 196	6 555	2 964	5 079	8 043	3 346	5 261	8 607
35 – 39	2 103	3 517	5 620	2 657	4 445	7 102	3 060	4 465	7 525
40 – 44	1 519	2 253	3 772	2 024	3 396	5 420	2 586	4 170	6 756
45 – 49	1 288	1 907	3 195	1 385	2 356	3 741	2 347	3 682	6 029
50 – 54	857	1 279	2 136	1 224	1 949	3 173	1 739	2 777	4 516
55 – 59	947	1 652	2 599	913	1 380	2 293	1 374	1 876	3 250
60 – 64	745	1 771	2 516	971	1 966	2 937	1 130	1 790	2 920
65 – 69	951	2 218	3 169	579	1 745	2 324	735	1 215	1 950

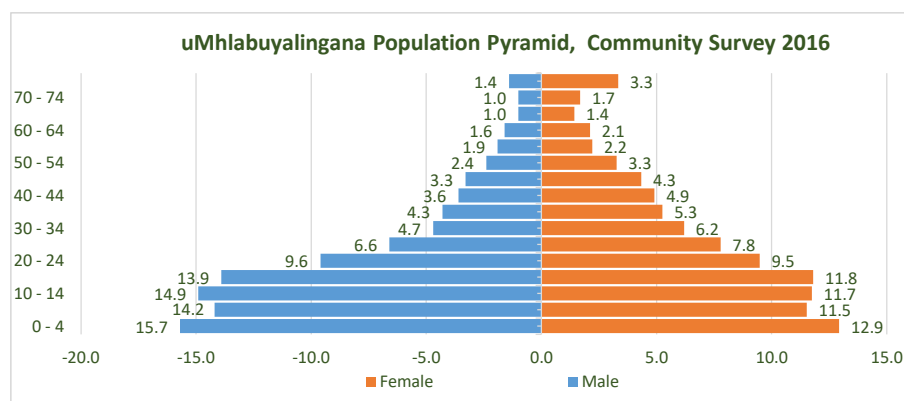
70 – 74	548	946	1 494	753	2 059	2 812	735	1 433	2 168
75 – 79	426	696	1 122	372	815	1 187	326	1 082	1 408
80 – 84	179	237	416	321	593	914	373	1 087	1 460
85 +	135	230	365	163	348	511	281	663	944
Total	55 333	68 759	124 092	63 134	79 431	142 565	71 769	84 967	156 736

Source : Stats SA, 1996, 2001 & 2011 Census Data

The population of uMhlabyalingana Municipality is very young, with about 34% under the age of 20 years and 57% officially defined as youth (15–35 years). This has huge implications for service delivery, education and job creation in the municipality, which has to be prioritised on cater for such a young population.

A relatively young population implies a high dependency rate on the working population to meet the needs of this young generation. As such there is significant pressure on the working population to take care of the youth and the elderly. To further exacerbate the problem, not all the people within the economically active category are employed.

Graph 1: Population Pyramid by Age and Gender



Source: Stats SA: Community Survey 2016

#### 1.2.4 Household Information

**Table 5: Household Types and No. of Households by Municipality**

Municipality	Number of Households	Main Dwelling		
		Formal Housing	Informal Housing	Traditional Housing
Umkhanyakude District Municipality	151, 245	106, 090	5 028	38, 306
<b>uMhlabuyalingana Municipality</b>	<b>39, 614</b>	<b>27, 731</b>	<b>968</b>	<b>10, 896</b>
Jozini Municipality	44, 584	29, 196	1 681	13, 111
Mtubatuba Municipality	41, 792	31, 439	1 843	7, 443
Big 5 Hlabisa Municipality	25, 255	17, 724	536	6, 856

Source: Stats SA, 2001, 2011 & 2016

**Table 6: Average Number and Size of Households in uMhlabuyalingana Municipality**

	Year		
	2001	2011	2016
<b>Total Population</b>	142 565	156 736	172 077
<b>Number of Households</b>	24 826	33 857	39 614
<b>Average Household Size</b>	5,7	4.6	4.3

Source: Stats SA, 2001, 2011 & 2016

The municipality had a total number of 39 614 households in 2016, and this represents an increase of 17% when compared to 2011 where there were 33 857 households. The average household size, however, decreased from 4.6 to 4.3 during this period. The main reason for this decrease in household size could be that some household members moved out to start their own households. The increase in number of households means that there is a need to extend services to address the existing backlog while also providing for the new households. The increase in the number of households also has a spatial planning implication as it impacts spatial distribution, therefore the municipality has to adequately plan for future expansion.

**Table 7: Female-Headed Households by Municipality**

Municipality	No. of households headed by women			% of woman-headed households		
	2001	2011	2016	2001	2011	2016
uMkhanyakude District Municipality	51 785	79 668	123 075	51.0	53.9	54.2
<b>uMhlabuyalingana Municipality</b>	<b>13 597</b>	<b>18 250</b>	<b>39 614</b>	<b>51.7</b>	<b>53.9</b>	<b>53.9</b>
Mtubatuba Municipality	11 706	18 420	41 792	47.2	52.8	52.3
Big Five Hlabisa Municipality	3 077	4 149	25 255	49.5	56.2	55.5
Jozini Municipality	23 405	38 849	44 584	58.6	55.7	55.3

Source: Stats SA, 2001, 2011 & 2016

Within the district, uMhlabuyalingana Municipality recorded a second lowest percentage of female headed households in 2011, similar to the 2001 census while Hlabisa Municipality has the highest, with over 56% of households headed by women.



**Table 8: Distribution of Child-Headed Households by Municipality**

Municipality	No. of households headed by children			% of child-headed households		
	2001	2011	2016	2001	2011	2016
uMkhanyakude District Municipality	1 299	2 032	2 330	1.2	1.6	3.1
<b>uMhlabuyalingana Municipality</b>	<b>374</b>	<b>466</b>	<b>634</b>	<b>0.8</b>	<b>1.4</b>	<b>3.3</b>
Jozini Municipality	454	692	652	0.7	1.8	3.4
Big Five Hlabisa Municipality	284	297	515	1.9	2.9	5.6
Mtubatuba Municipality	187	576	528	0.4	1.7	3.7

Source: Stats SA, 2001, 2011 & 2016

uMhlabuyalingana recorded higher child headed households in 2011 compared to 2001 census, recording the lowest percentage of households headed by children in the district. This has implications on the dependency of children on government social welfare system and this is also believed to be caused by the high rate of HIV/Aids.

**Table 9: Employment Status for uMhlabuyalingana Municipality in Relation to the District**

Municipality	Employed			Unemployed			Unemployment Rate		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
uMkhanyakude District Municipality	38 124	56 900	58 924	64 335	43 483	43 483	62,8%	42,8%	40.2%
<b>uMhlabuyalingana Municipality</b>	<b>7 272</b>	<b>11 705</b>	<b>12 050</b>	<b>16 186</b>	<b>10 559</b>	<b>12%</b>	<b>69,0%</b>	<b>47,1%</b>	<b>42.5%</b>

Source: Stats SA, 2001, 2011 & 2016

Despite the diversified nature of the local economy, unemployment in the municipal area is of concern as only 13% of the total labour force is employed. Unemployment rate is currently estimated at 42% while 65% of the total labour force is not economically active (Stats SA, 2011). The unemployment rate has decreased over the years however it is still high, and this shows that there is a great need for the municipality to look into economic opportunities which will lead to job sustainable job creation.

### 1.2.5 Socio-Economic Status

According to the District Health Plan for 2018/19, uMkhanyakude has 5 district hospitals and 57 clinics; including 5 gateway clinics, 17 mobile clinics servicing 238 mobile stopping points, and 7 high transmission area (HTA) sites (2 fixed and 5 mobile). The new Jozini Community Health Centre (the first in the district) opened in the first quarter of 2018/19. Social vulnerability in the province is said to be very high due to the following driving forces:

- a) It has the highest malaria prevalence in the country;
- b) Twenty to thirty percent (20-30%) of adults are HIV positive. The HIV

prevalence rate is at 41.1%, which is higher than both the provincial and national rates of 37.4% and 29.5% respectively. uMkhanyakude District is the second highest amongst the districts in the province;

- c) Tuberculosis is a major cause of mortality;
- d) The increasing occurrence of severe malnutrition among children younger than 5 years of age;
- e) A large number of people from neighbouring countries cross the border to receive healthcare in uMkhanyakude.

There is a high prevalence rate of HIV in the population of uMhlabuyalingana jurisdiction area. The most obvious impact of the disease in the Makhathini Flats area is a decrease in life expectancy and an increase in the dependency ratio and the number of orphans, as well as the slowing down of the population growth rate (due to increasing mortality and morbidity). Developmental impact include a loss in social skills and changes in the distribution of income. This results in an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS on municipalities is likely to be present in all aspects of the municipality's functions and may lead to an increase in the need for poverty alleviation measures and underutilization of infrastructure in the long run.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating an area where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews, training of professional nurses by Region 4 specialists in the management of major conditions leading to maternal deaths, and training of CCGs on the MCWH Community Care Framework in order to strengthen MCWH services in the community.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante natal Nevirapine uptake rate.

**COVID-19 PANDEMIC:** The COVID-19 pandemic is impacting all aspects of our society and require unprecedented action on the part of government, across all three spheres, to curb the spread of the virus. The impact of the national 'lockdown' has had far-reaching implications for municipalities in particular, who are at the coalface of delivery of essential services. The impact of the virus will be felt by municipalities far beyond the lockdown period.

The KZN province currently has public mortuaries in all the districts and three (3) are located in the uMkhanyakude District in the towns of Mtubatuba, Mkuze and Manguzi. These

mortuaries are said to be at various levels of capacity and operation; and therefore require further formal confirmation from the Department of Health (DoH) on their readiness for use for the COVID-19 pandemic mortal remains.

**Poverty Dimensions:** uMkhanyakude District is considered amongst the 10 districts in South Africa with the highest Multi Poverty Index (MPI). The majority of the population live below the poverty line. As such there is high occurrence of malnutrition in children younger than 5 years. The table below depicts poverty statistics from Census 2001 and Census 2011 at municipal level in the district.

**Table 10: Poverty Dimensions by Municipality**

	Census 2001			Census 2011		
	Headcount (H)	Intensity (A)	SAMPI (HxA)	Headcount (H)	Intensity (A)	SAMPI (HxA)
Jozini Municipality	43,0%	43,6%	0,19	22,3%	42,6%	0,09
Big Five Municipality	36,0%	43,6%	0,16	17,5%	42,1%	0,07
Hlabisa Municipality	33,5%	43,7%	0,15	16,1%	41,8%	0,07
Mtubatuba Municipality	27,2%	43,9%	0,12	11,6%	41,5%	0,05

Source: Stats SA, 2001, 2011 & 2016

**Table 11: Type of Dwelling**

Type	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	18 329
Traditional dwelling/hut/structure made of traditional materials	13 865
Flat or apartment in a block of flats	964
Cluster house in complex	52
Townhouse (semi-detached house in a complex)	37
Semi-detached house	13
House/flat/room in backyard	91
Informal dwelling (shack; in backyard)	104
Informal dwelling (shack; not in backyard, e.g. in an informal/squatter settlement or on a farm)	26
Room/flat let on a property or larger dwelling/servants quarters/granny flat	38
Caravan/tent	54
Other	284
Unspecified	–
Not applicable	–
<b>Total</b>	<b>33 857</b>

Stats SA: Census 2011

By using the backlog figures for water and sanitation supply, it is estimated that the backlog is 8 806 housing units. Although Mbazwana and Manguzi are still rural towns and under the control of the Ingonyama Trust, they are urbanising at a fast rate and present new challenges in terms of housing development. Housing needs in these areas include rental stock, middle income housing and the traditional low-income housing. A relatively high concentration of informal rental housing stock suggests that there are many people who occupy backyard shacks, cottages and other rented accommodation. Introduction of town planning in these areas will help to direct growth and ensure that the area develops in accordance with the National Housing Development Policy – sustainable human settlement.

The municipality has initiated a process towards the compilation of an Indigent Register to implement the Free Basic Services Policy. It is expected that the process will be completed during this financial year. It is noted that uMhlabuyalingana Municipality is located within a poverty node and has a relatively high number of households who cannot afford payment for basic services. Ward Councillors and Community Development Workers are playing a major role in the identification of deserving households and compilation of the register.

**Table 12: Overview of Neighbourhoods Within uMhlabuyalingana Municipality**

Settlement Type	Households	Population
<b>Towns</b>		
Manguzi (Ward 17)	2 274	9 496
Mbazwana (Ward 2)	1 755	7 744
Skhemelele (Ward 6)	2 745	13 064
<b>Sub Total</b>	<b>6 774</b>	<b>30 304</b>
<b>Townships</b>	<b>0</b>	<b>0</b>
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>Rural Settlements</b>		
Ward 1	1 151	4 709
Ward 2	1 755	7 744
Ward 3	2 068	11 400
Ward 4	2 916	12 089
Ward 5	2 045	8 888
Ward 6	2 745	13 064
Ward 7	1 952	9 796
Ward 8	1 948	8 493
Ward 9	2 582	11 841
Ward 10	1 552	7 189
Ward 11	2 230	9 587
Ward 12	1 594	7 333
Ward 13	1 663	8 918
Ward 14	1 676	8 112
Ward 15	2 198	10 400
Ward 16	1 509	7 616
Ward 17	2 274	9 496
Ward 18	No data profile available	No data profile available
<b>Sub Total</b>	<b>33 858</b>	<b>156 735</b>
Informal Settlements: There are no informal settlements within the municipality	0	0

Stats SA: Census 2011

**Table 13: Natural Resources**

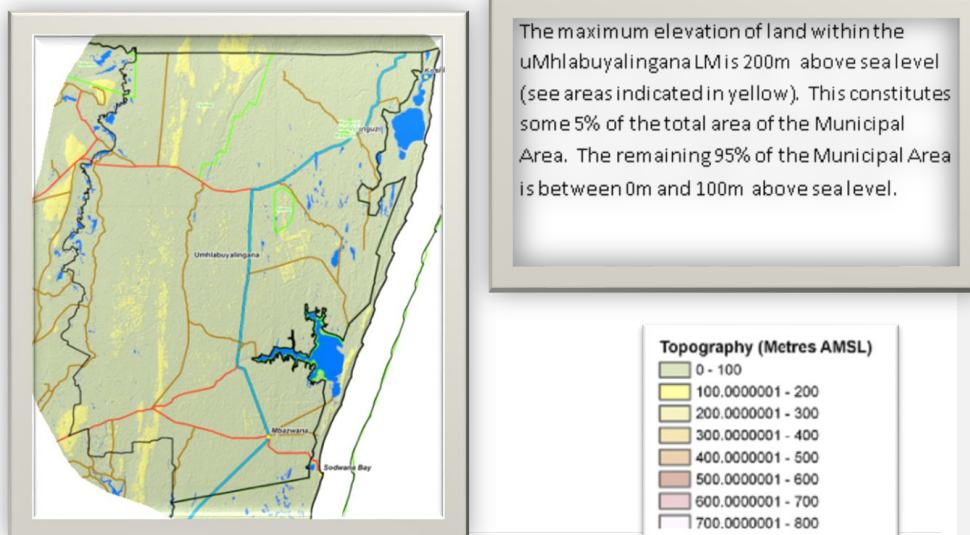
Natural Resources	
Major Natural Resource	Relevance to Community
Sand Mining	Job creation and community development
Marula Farming	Job creation and community development

### 1.2.6 Environmental Overview

The Environmental Overview is discussed below as follows:

- The general topography within uMhlabuyalingana municipal area is flat to gentle rolling. This normally implies that there are limited hindrances to development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning any development, activities that involve significant removal of vegetation or soil cover be avoided in areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

Map 2: Topography

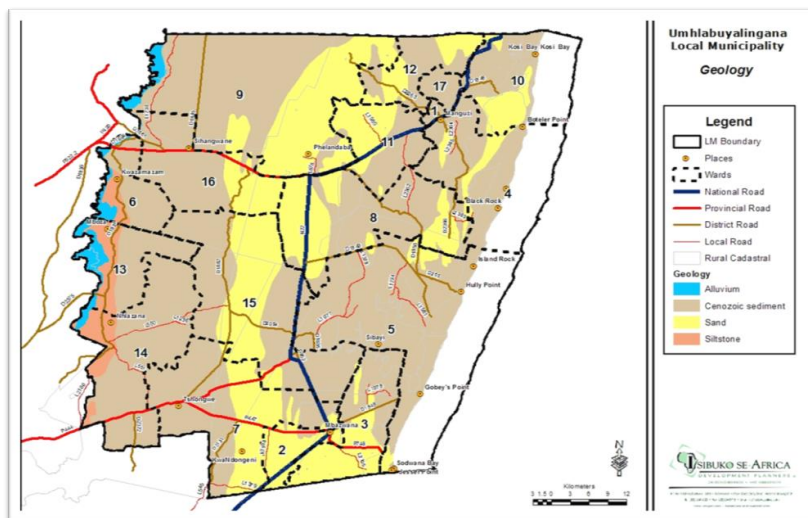


- The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soil by its very nature is unstable and susceptible to erosion. Thus, the soil in the area is sandy and erodible. This type of soil tends to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It is necessary to ensure that soil erosion prevention measures are planned and vegetation removal is limited to areas

where this is absolutely necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

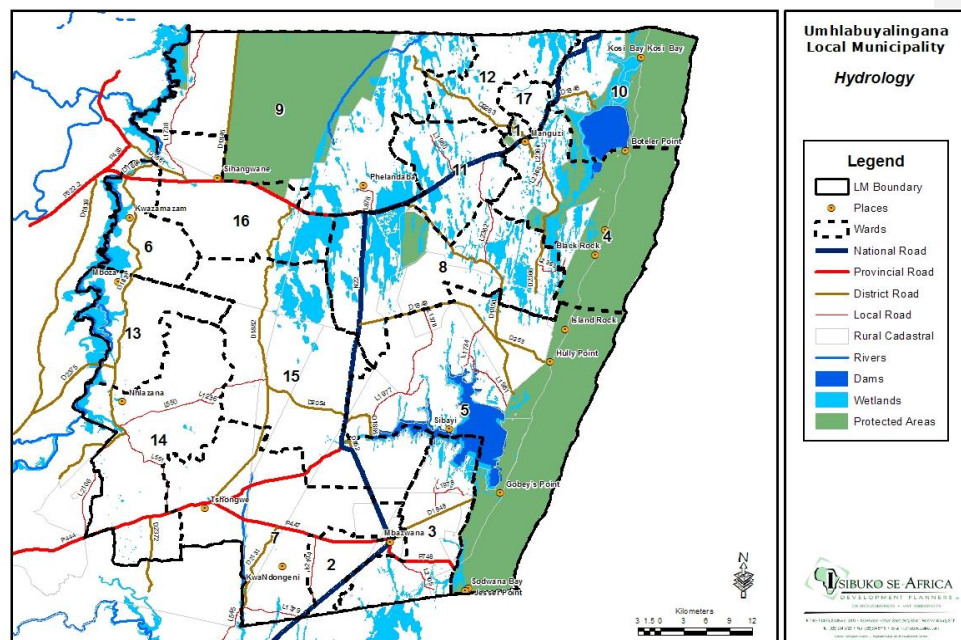
- The geology of the central part of uMhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths more than 30 metres below existing ground level and is characterized by the presence of a shallow water table. The uppermost portion of these soils (i.e. +/- 3m below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are classified as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).
- The most predominant geology feature is Cenozoic sediments which comprises a 1-20km wide band of Cretaceous age rocks and is further subdivided into the Mzinene formation which consists of a siltstone with shelly concretary layers. These soils are anticipated to extend to depths more than approximately 25 metres below existing ground level and is characterized by the presence of a shallow water table. The geology of the area is characterized essentially by glauconitic siltstone which were deposited during the Cretaceous age respectively.

Map 3: Geology



Source: uMhlabuyalingana Municipality SDF

Map 4: Hydrology-



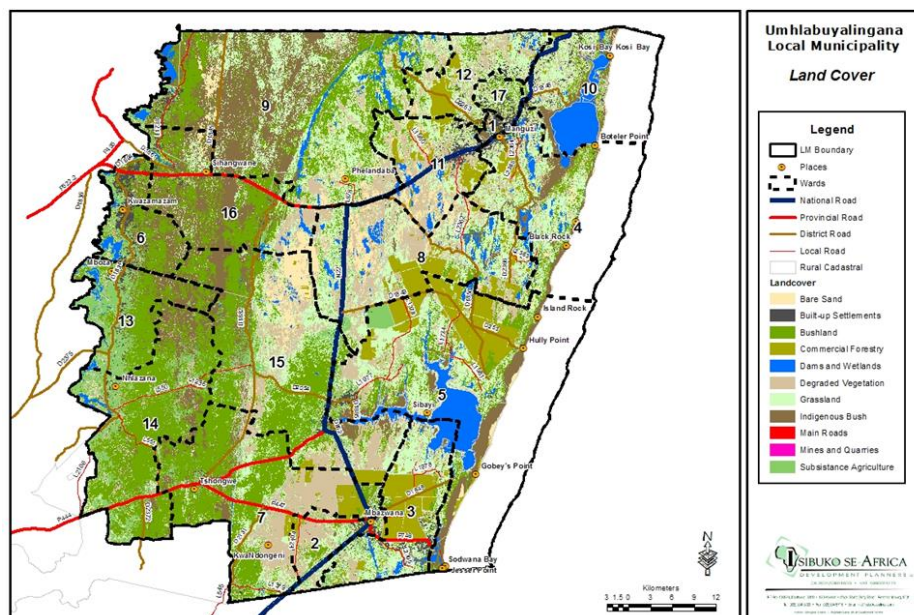
Source: uMhlabuyalingana Municipality SDF

- The area has limited drainage lines and rivers with exception of Pongola River that runs on western edge of the municipal boundary. However, there are extensive wetlands, with the presence of typical wetland vegetation species like the Jancus species (Ncema.) These hydrologically sensitive areas are mainly on the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services which for the area under investigation will to a large extent, be provision of grass for crafts and households use and flood attenuation. Thus, maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.



Map 5: Land Cover



Source: uMhlaluyalingana Municipality SDF

- The general vegetation type of the area is described as Maputaland Coastal Thicket. This vegetation type is said to be vulnerable in the KZN province. According to Ezemvelo KZN Wildlife's vegetation classification, the province has an estimated 148,840 ha of this vegetation type, of which 11.2% is protected. It is estimated that approximately 9.68% of this vegetation type in the province is completely transformed and a further 17.44% is degraded. It is said that a total of approximately 73.25% of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care needs to be taken in order to protect its conservation significance in the province and in the country.

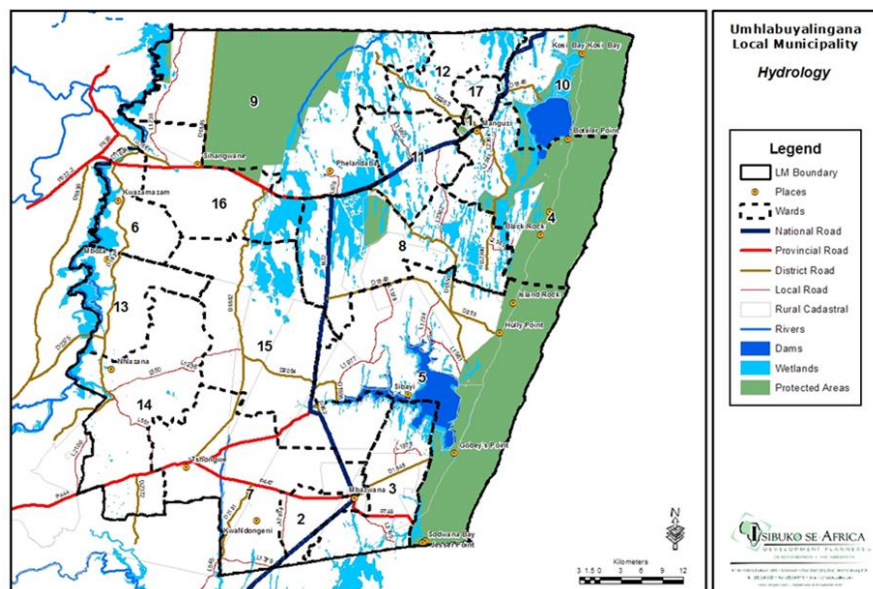
It is noted that a fairly large portion of this vegetation type within the project areas, especially along the main roads and tracks, is degraded or completely transformed. From this majority of the project area still have fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in good condition. The settlement activities in the area have resulted in a significant degradation of the vegetation especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare

(whether in a suitably good vegetation condition or derelict), requires authorization from the Provincial Department of Environmental Affairs (EDTEA).

Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances would not occur on the untransformed thicket and grassland. Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

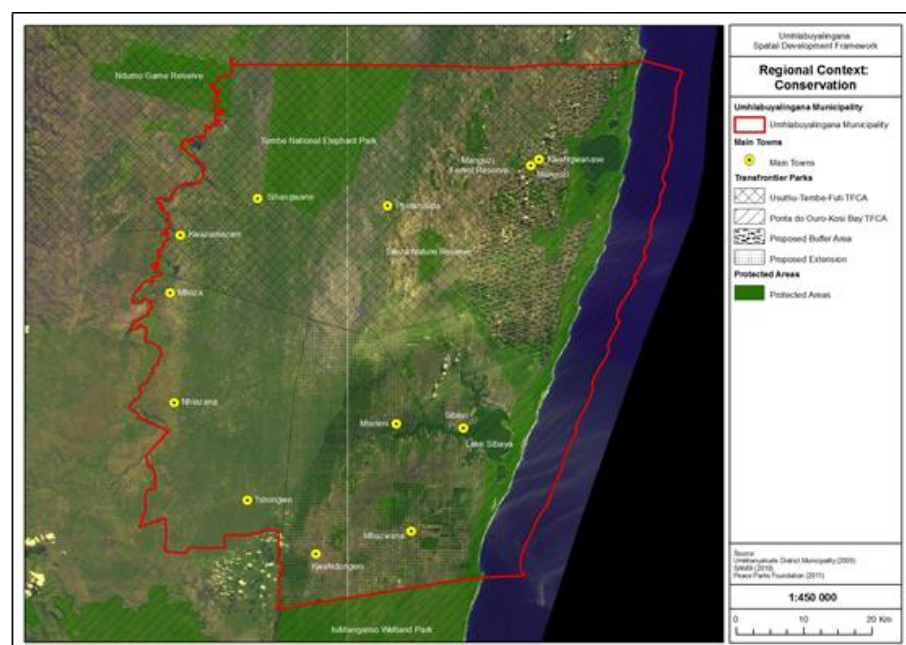
- uMhlabyalingana comprises 16 different wetland types, including:
  - ❖ Shallow marine waters
  - ❖ Coral reefs
  - ❖ Sand/shingle shores
  - ❖ Estuarine waters
  - ❖ Tidal mudflats, including intertidal flats and salt flats
  - ❖ Salt marshes
  - ❖ Mangrove/tidal forest
  - ❖ Coastal brackish/saline lagoons
  - ❖ Coastal fresh lagoons
  - ❖ Deltas
  - ❖ Freshwater lakes: permanent
  - ❖ Freshwater lakes: seasonal/intermittent
  - ❖ Saline/brackish lakes/marches: permanent
  - ❖ Saline/brackish lakes/marches: seasonal/intermittent
  - ❖ Freshwater marches/pools: permanent
  - ❖ Freshwater marches/pools: seasonal/intermittent

Map 6: Hydrology Coastal Management



## Formally protected areas and TFCAs within and surrounding the uMhlabuyalingana Municipality

Map 7: Regional Context Conservation

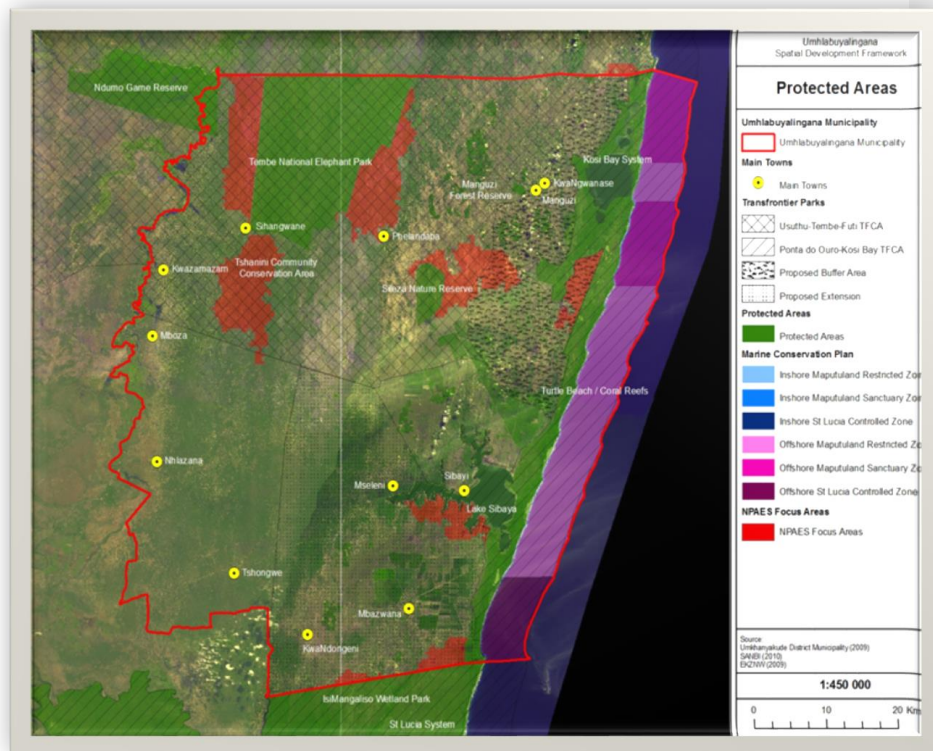


**The Spatial Environment** is discussed below and presents a short description of each of the five formally protected areas within the uMhlabuyalingana Municipality.

- The Tembe Elephant National Park is situated on the Mozambique border near Ndumo Game Reserve. The park is approximately 30,000 ha in extent and managed by Ezemvelo KZN Wildlife. The park is situated within the sand veld ecological zone and consists mainly of closed woodland and secondary thicket formation, with clumps of sand forest. The zone falls within a transition area between tropical and sub-tropical forms and therefore is home to a great diversity of vegetation. This results in high diversity of birdlife (340 bird species). The park is also home to approximately 220 elephants, some of which are among the largest in the world.
- The Manguzi Forest Reserve is situated on the outskirts of the Manguzi urban centre. The reserve is 237 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects the last significant patch of KwaZulu-Natal Coastal Forest, an Endangered Ecosystem, to the north of Lake Sibaya. There are currently no facilities for visitors to the reserve.

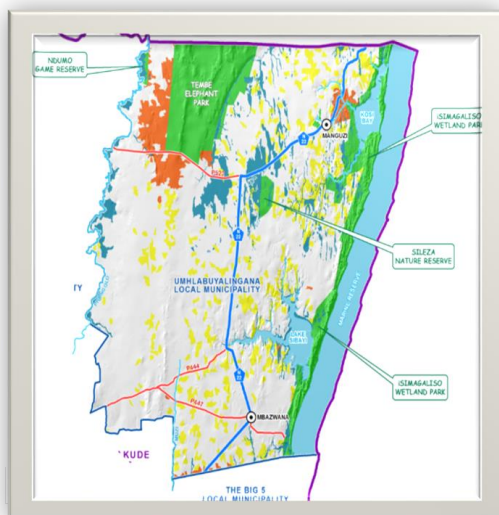
- The Sileza Nature Reserve is situated south-west of Manguzi. The reserve is 2,125 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects a large portion of Maputoland Wooded Grassland, which is classified as vulnerable. There are currently no facilities for visitors to the reserve.
- The Tshanini Nature Reserve is a community conservation area to the south of Tembe National Elephant Park. The reserve is approximately 3,000 ha in extent and managed by the local Tshanini community, with assistance from the Wildlands Conservation Trust. The reserve largely protects areas of Tembe Sandy Bushveld and Sand Forest.
- The Ndumo Game Reserve is a registered Ramsar Site which is situated on the Mozambique border. It is located at the confluence of the Great Usutu, which forms its northern boundary, and the Pongola Rivers. The reserve is approximately 11,860 ha in extent and comprises a variety of ecosystems, including floodplain pans, wetlands, reedbeds, savannah and sand forest. It has the highest bird count in South Africa with 430 recorded bird species. This includes several aquatic species, such as Black Egret, Pygmy Geese, and Pelicans, as well as several species of interest, such as the Pell's Fishing Owl, Broadbill, and Southern Banded Snake Eagle. The reserve is home to a number of game species, including Nyala, Bushbuck, Impala, Red Duiker, Suni, Black and White Rhino, Hippopotamus and Crocodiles.
- The ISimangaliso Wetland Park is South Africa's first UNESCO World Heritage Site. The 332,000 ha park contains three major lake systems, most of South Africa's remaining swamp forest, Africa's largest estuarine system, 526 bird species, and 25,000-year-old coastal dunes. The park also includes an extensive Marine Reserve which protects 190,000 km of the South African coastline. There are also four Ramsar sites, namely the Kosi Bay System, Turtle Beaches / Coral Reefs, Lake Sibaya, and the St Lucia System within the park.

Map 8: Protected Areas



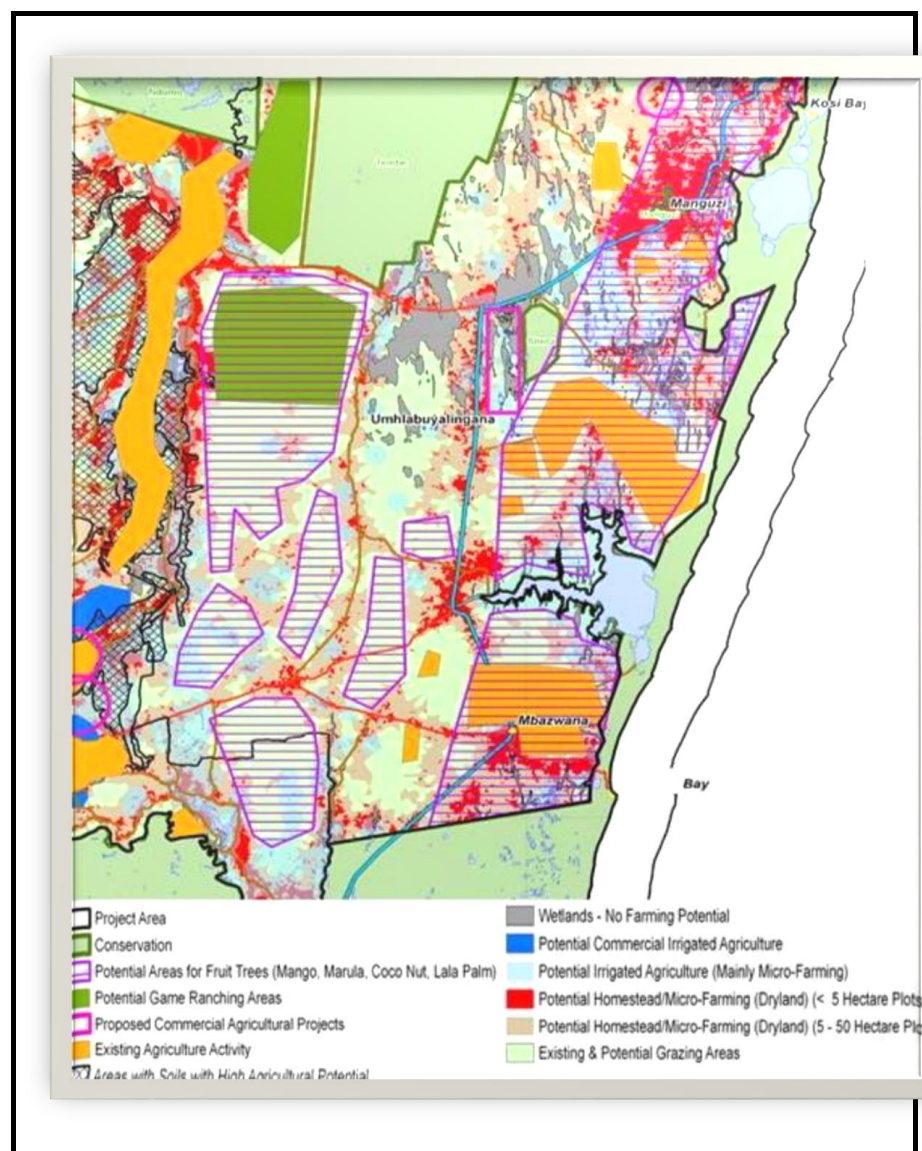


Map 9: Environmentally Sensitive Areas



- The environmentally sensitive corridor along the coastline in the eastern part of the Municipality (mainly the ISimangaliso Wetland Park);
- The Makhathini flats along the Pongola River, which forms the western boundary of the Municipal area;
- The Tembe Elephant Park between the P522 provincial road and the Municipality's border with Mozambique, in the north-western part of the Municipal Area.

Map 10: Environmental Sensitive & Agricultural Potential in uMhlabuyalingana



SOURCE: URBAN-ECON, AGRICULTURAL POTENTIAL MAP - MAKHATHINI INTEGRATED DEVELOPMENT PLAN 2007

Agriculture is one of the two key drivers of economy in uMhlabuyalingana Municipality, the other being tourism. The majority of the population in uMhlabuyalingana Municipality is involved in these two sectors. Agriculture in the municipality is based on commercial agriculture and consumption agriculture which is directed towards meeting consumption needs of the population.



The uMhlabuyalingana Municipality consists of nine bio-resource units. It has fairly flat land with good soil conditions, and weather conditions that favours agricultural production. The uMhlabuyalingana Municipality also falls under the Makhathini Flats area which is also characterized by its flat land and rich soils which make it suitable for agricultural production. Commercial farming has become a key area where investment has been directed in the Makhathini Flats and there has been much focus on development and job stimulation in the agricultural sector in this area.

The Makhathini Integrated Development Plan is one such programme that is being implemented in the area which is focused on the provision of agricultural infrastructure to optimize opportunities for crop and animal production in the Makhathini Flats. Although this programme started in the 2009/2010 financial year, efforts for infrastructure development intensified in the 2010/2011 financial year. According to the MEC Johnson's Budget Speech in 2011, the main infrastructure projects supported in 2010/2011 include improvement of farm access roads, refurbishment of pumps and irrigation infrastructure, construction of drainage canals and construction of livestock centres in Jozini and uMhlabuyalingana Municipalities. Improvement of irrigation infrastructure will stop water losses due to leaking pipes while the construction of drainage canals will address water logging currently affecting 2500 ha. Livestock centres aim to support livestock farmers in the Makhathini Flats to improve animal production and enhance local economic development. The implementation of these infrastructure projects has created 192 job opportunities for local people.

The agricultural potential of the land varies throughout uMhlabuyalingana Municipality, where relative to the eastern seaboard the area with high potential for dry land agriculture is closest to the sea and the one with low potential furthest from the sea. The areas in uMhlabuyalingana Municipality that have a high agricultural potential are hindered by the limited availability of land due to the sandy nature of the soils, by the settlements present in these areas and the fact that these areas often fall within the environmentally protected spaces of the municipality.

Access to water resources also plays an important role in both commercial and consumption agriculture and determines what type of crops can be grown and where it can be grown. The limited or lack of access to water can further hinder development in the agricultural sector. The major surface water resources in uMhlabuyalingana Municipality are as follows:

- **Pongola River** which provides opportunities for irrigation along the Pongola floodplains. It is also evident that the Pongola floodplains have been a drawcard for informal settlements and have increased in density in areas close to the floodplains. This reinforces the fact that people are dependent on natural resources for their survival in uMhlabuyalingana Municipality,
- **Usutu River** which runs along the north-western boundary of uMhlabuyalingana Municipality, and
- The coastal freshwater lakes and swamps which includes **Lake Sibaya** and **Kosi Bay**.

Water sources, in the form of large water bodies, reside on the peripheral ends of the municipality. These include areas such as the Kosi Lake System, Lake Sibaya, Bhangazi and the St Lucia Lake System. In recent years efforts have been made to improve the irrigation systems in the Makhathini Flats area, however research has indicated that the lack of reliable sources of water for irrigation poses a major constraint on commercial agriculture projects such as the Mboza groundnuts project.

The predominant forms of agricultural activities that take place in UMhlabuyalingana can broadly be categorized as follows:

- Homestead and community gardens dominated by the production of fresh vegetables,
- Crop production systems producing groundnuts, maize, cassava, cowpea, taro (amadumbe), sweet potato (red, white & yellow), jugo (izindlumbu and sugar beans),
- Commercial forestry plantations (pine and eucalypt), and
- Livestock farming.

There is evidence of commercial forestry plantations that are located at Mbazwana and Manzengwenya along the coast. Although the predominant commercial agriculture activities are limited to the production of cashew nuts, ground nuts and a few other niche crops, there is potential to expand and this is dependent on a number of factors such as improving accessibility to water, access to defined blocks of land that are designated to agricultural activities etc.

As consumption agriculture is an important activity in the uMhlabuyalingana Local Municipality area, community garden initiatives have been established and play an important role in alleviating poverty and ensuring food security. Community gardens are important generators for fresh vegetables in the area that is directed toward consumption needs. However, the poor design of these community gardens initiatives have resulted in a number of problems that range from lack of infrastructure and funds to group dynamics.

Production systems are considered to include activities that are coordinated either by the government or private companies, and such activities in uMhlabuyalingana include the production of:

- Cotton, which is concentrated mainly in the Makhathini Flats area,
- Pineapples, which are in a process of being introduced in uMhlabuyalingana,
- Ground nuts,
- Essential oils,
- Honey, and
- Cashew nuts.

Households involved in consumption agriculture are involved in the production of a range of crops for household consumption which includes maize, amadumbe and sweet potatoes. The type of crops grown in the various households throughout uMhlabuyalingana is again dependent on accessibility of water resources and soil conditions. Research has indicated that there is potential to commercially produce these crops, but this is dependent on investment in technology and the supply of water, for example, the provision of water irrigation systems. Livestock production also forms an integral part of community activities that ensure food security and income-generation. The livestock farmed include chickens, cattle and goats.

It is evident that the full potential of the agricultural sector has not been fully realized in uMhlabuyalingana as the areas of existing agricultural activities are only a fraction of areas that have been identified to have agricultural potential. It is evident that uMhlabuyalingana has the opportunity to expand its agricultural sector in the following areas:

- Fruit tree farming - fruits that can be grown in the municipality include mango, amarula, coconut and lala palm,
- Game ranching - such a development can impact on both the agriculture sector and the tourism sector,
- Irrigated farming,
- Homestead farming in areas that have plot sizes of less than 5 hectares, and
- Homestead farming in areas that have plot sizes of between 5 and 50 hectares.

Cashew nuts are an important part of the commercial agricultural sector and are grown in areas around uMhlabuyalingana Municipality where the soils are most favourable. Cashew nuts have been in production in the Maputaland area since the 1980s and began as part of a research project of the Industrial Development Corporation. A joint partnership with Ithala Development Corporation was formed and this resulted in the establishment of Coastal Cashew (Pty) Ltd. In 1994 the scheme of this venture under Coastal Cashew (Pty) Ltd was extended to include Manguzi and is still in operation today. The development of the cashew nuts grower block has stimulated development and interest in other agricultural production initiatives in the uMhlabuyalingana Municipality and surrounding areas in the Maputaland region which includes:

- Essential oils,
- Peanuts,
- Honey, and
- Ground nuts.

The favourable coastal climate and sandy soils increases the potential for ground nuts cultivation in the Maputaland area. Ground nut projects have been established in uMhlabuyalingana Municipality where large tracts of land have been made available for these type of projects in areas such as Mboza.

According to the MDIC (2012) bee keeping and honey production activities have been exclusively undertaken by the community in the forests that are owned by Sappi and Mondi in the uMhlabuyalingana Municipality. The MDIC further indicates that honey production can be a lucrative business venture for community development as it has very little initial capital cost, little management is required, and it promotes the retaining of indigenous trees in the area. It is ideal for resource-poor farmers as it requires low-cost technology, minimum infrastructure and no land ownership. Eucalyptus trees provides excellent source of pollen and these are found extensively in the uMkhanyakude District. Another opportunity of this type of farming activity exists in the natural forests in the game parks.

uMhlabuyalingana Municipality is notable for the prolific growth of palm trees in this area. These palm trees are used by the local people for the manufacturing of handcrafts, while a significant quantity of the palm fronds (in particular the Lala Palm) is exported to other regions for use by craft workers. The sap of the Wild Date Palm, and in particular the Lala Palm, is used to produce palm wine. The over-harvesting of palm could be a problem, but current controls and active planting of palms ensure their sustainability. However, the sale of palm material for craftwork outside of the district should be restricted.

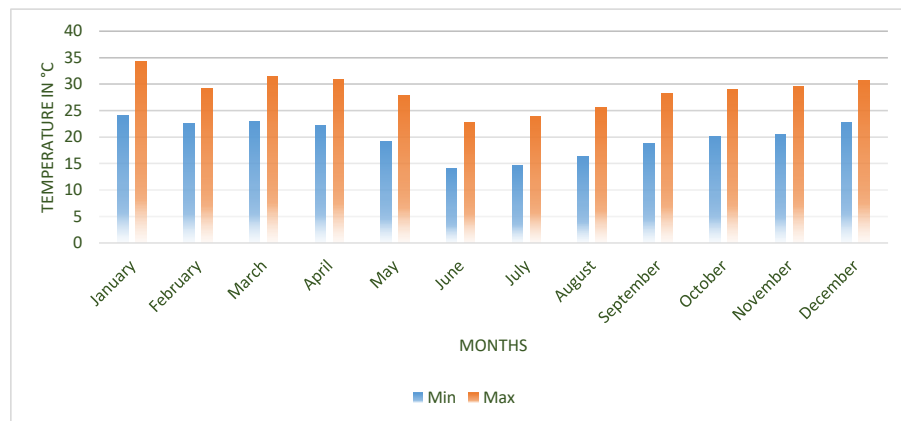
A number of constraints that impede or limit commercial agricultural development in uMhlabuyalingana Municipality were identified in the municipality's Local Economic Development Strategy in 2007 and includes, but is not limited to, the following:

- **Access to adequately sized agricultural land is limited** - dispersed settlement patterns with no formally defined areas designated for agricultural production further limits agricultural production activities, as well as limited access to sufficient land in areas under traditional leadership. Settlements which are dense also occur primarily in high potential agricultural areas, limiting land availability for agricultural activities.
- **Land Claims** - large portions of land under state authority cannot be developed until land claim issues have been resolved. This is largely limited to the coastal forestry reserve and the Pongola flood plains.
- **Management and control of communal grazing areas for livestock** - the management of livestock communal grazing land is difficult. This is largely due to overstocking of livestock in some areas which leads to the degeneration of land, the land that is available for grazing is not managed or maintained, livestock are often not contained in a specific area and their movements are not controlled and negatively impact on other areas such as croplands and conservation areas.

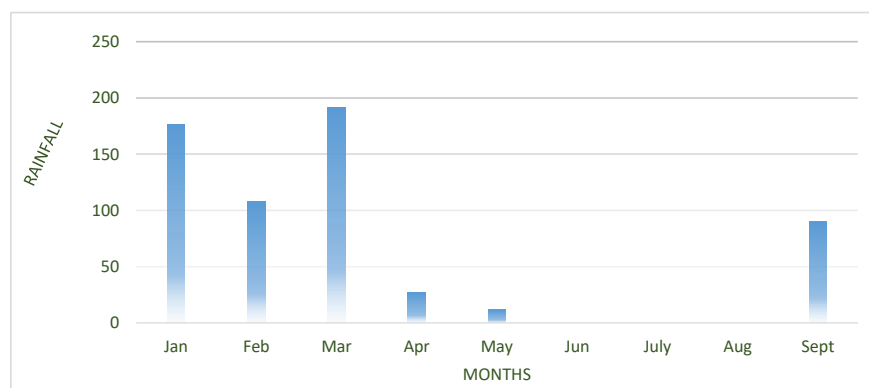
- **Consumption agriculture** - food security is naturally the prime motivation for crop selection and general agricultural practice. The change to producing a commercial cash crop has real risks associated with it, and it is difficult to overturn the habits and rituals of many generations. Way of minimizing risks and appropriate ways of introducing commercial ventures into the areas where consumption agriculture is practiced need to be employed.
- **Technical and financial support** - there is a lack of technical expertise and financial knowledge required in the production of high-value cash crops or niche market products.
- **Lack of sector strong organization** - although farmers groups do exist, and some activities such as ploughing may rely on the sharing of resources, there are generally not strong and effective agricultural organizations within the tribal areas. This denies the farmers benefits that could be derived from joint buying of seeds or fertilizer, collective use of machinery, collective marketing and pooling of transport resources.
- **Inadequate processing and storage facilities** - processing and storage facilities are absent or lacking within uMhlabuyalingana Municipality, especially for high valuable, perishable and/or produce requiring processing. This is particularly so in the more remote, north-eastern parts of the area, where the conditions are most conducive to tropical fruit production and aquaculture and where these facilities would be in greatest demand (PS2 Consortium 2001:78 in uMhlabuyalingana Local Municipality 2007).

There is no data for air quality and will be incorporated in the 2021/2022 financial year. The climate condition of uMhlabuyalingana municipal area is always warm and humid and is normally frost-free.

**Graph 2: Min & Max Temperatures**



**Graph 3: Graph Indicating Rainfall Recorded from January to December 2011:**



## 1.3 SERVICE DELIVERY OVERVIEW

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### 1.3.1 Basic Services

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One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the communities of uMhlabyalingana Municipality include electricity, waste management, roads and stormwater, development and spatial planning, local economic development, environmental management, housing, library, cemeteries, community facilities, sports and recreation, traffic as well as fire and disaster services. Water and sanitation services are provided by the uMkhanyakude District Municipality. These services are discussed in detail in Chapter 3 of the Annual Report.

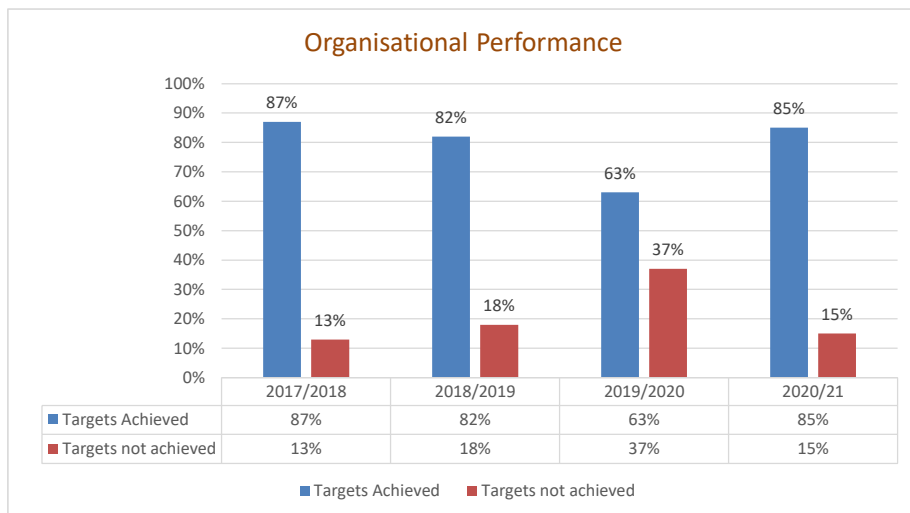
### 1.3.2 Service Delivery Performance Highlights

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The Municipality adopted a new approach in implementing the Organisational Scorecard from the 2019/2020 financial year onwards. The Municipality resolved to focus on key tangible deliverables that produce the desired results. Therefore, it meant that the number of indicators and targets had to be reduced drastically in each KPA to streamline the organisational scorecard so that it becomes more focused and strategic. 2020/21 is the second year that this streamlined organisational scorecard has been used and it is against this background that the actual performance for the year under review increased comparatively (from 63% in 2019/20 to 85% in 2020/21).

In terms of the actual deliverables, for the 2020/2021 organizational scorecard, the municipality had a total number of 93 targets and 79 were fully achieved, this translates to 85% of the archived targets. Only 15% of the targets were not fully achieved in the year under review and therefore some will be rolled over to the 2021/22 financial year. Comparatively this also represents an increase from the municipality's performance of 82% in the 2018/19 financial year. This performance must be viewed within the context of the fact that the municipality adopted a paradigm shift in its performance management approach where emphasis is not on chasing numbers but on tangible and concrete results that add value to service delivery. Furthermore, there were many lessons learnt over the preceding financial year and we believe that these lessons can only help the municipality to be a better-performing organization in the future.

**Graph 4: Comparative Analysis of Organisational Performance Over 4 Years**



Source: uMhlabyalingana Annual Performance Report, 12 May 2021

#### 1) Municipal Transformation and Institutional Development:

The overall score for the KPA increased from 76% in the 2019/20 financial year to 95% in 2020/2021, which indicates an increase of 19%.

**Graph 5: Comparative Analysis of MTID Performance Over 4 Years**



Source: uMhlabyalingana Annual Performance Report, 21 May 2021



Table 15 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Municipal Transformation and Institutional Development KPA.

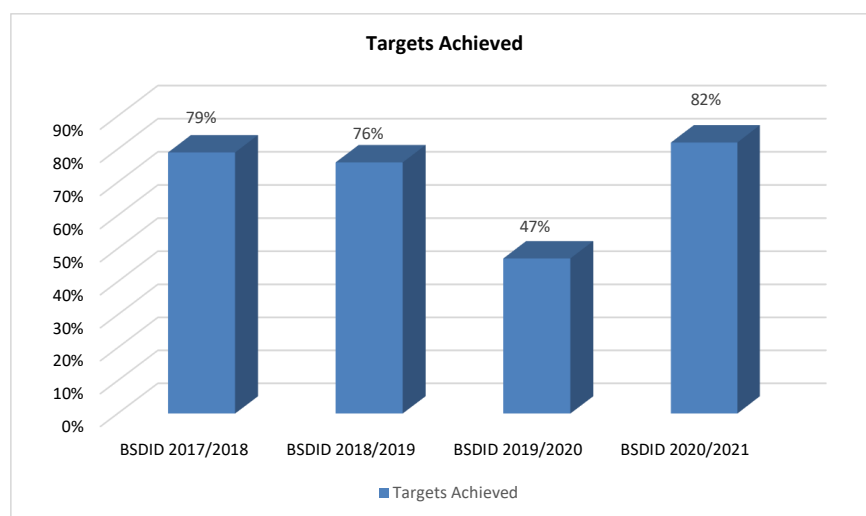
**Table 14: Performance Highlights, Challenges and Planned Measures**

Highlights	Challenges	Measures to improve performance
<p>Organogram was reviewed, tabled and approved by Council on 30 June 2021.</p> <p>16 Vacant positions were filled by 30 June 2021.</p> <p>EE Report submitted to Department of Labour by 31 January 2021.</p> <p>Retention Strategy was reviewed and approved by Council on 30 June 2021.</p> <p>Human Resources Strategy was tabled to council for approval on 30 June 2021.</p> <p>Human Resources Training Plan reviewed and tabled to Council for adoption on 28 October 2020.</p> <p>1,38 % of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2021</p>	<p>The Corporate Services Department did not achieve its target to table the Reviewed PMS Framework and IPMS Policy to Council by 30 June 2021. The draft document was workshopped to staff and LLF, however it was deferred.</p>	<p>The draft document will be revised to provide clarity on clauses that were not clear or that caused ambiguity.</p>

## 2) Basic Service Delivery and Infrastructure Development:

The Basic Service Delivery and Infrastructure Development performance is made up of Technical Services and Community Services annual performance. The overall score for the KPA increased from 47% in the 2019/20 financial year to 82% in 2020/2021, which indicates an increase of 35%.

**Graph 6: Comparative Analysis of BSDID Performance Over 4 Years:**



Source: uMhlabuyalingana Annual Performance Report, 21 May 2021

Table 16 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Basic Service Delivery and Infrastructure Development KPA.

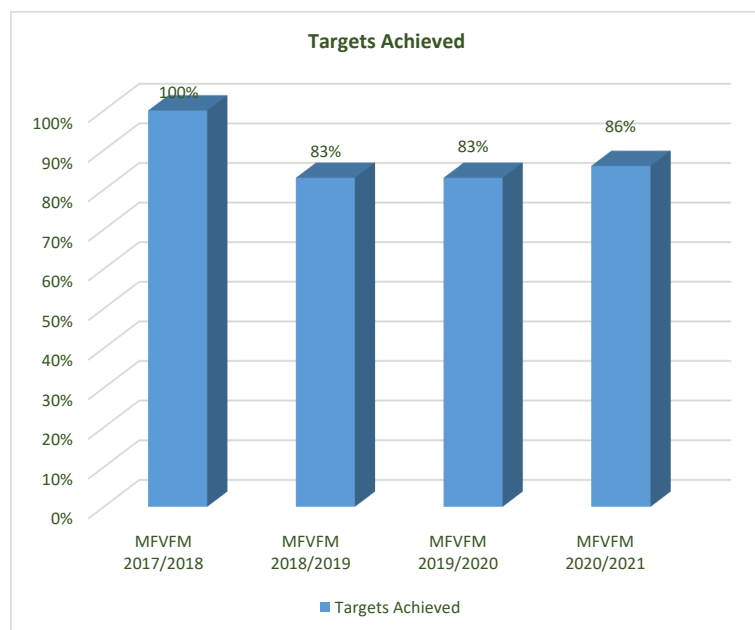
**Table 15: Performance Highlights, Challenges and Planned Measures**

Highlights	Challenges	Measures to Improve Performance
<p>2020/2021 saw a substantial improvement when it comes to provision of basic services to the community. Improvement was noted particularly in traffic law enforcement, waste management and provision of free basic electricity to indigent households.</p> <p>There has been a substantial increase in the number of library users who have been provided with internet access and in residents who have been trained in basic computer skills.</p> <p>A number of infrastructure projects were completed during the year despite numerous challenges, some of which were delayed from the previous financial year.</p>	<p>There has been a substantial delay in the household electrification projects mainly due to the late and insufficient payment of the applicable grant. An amount of R6m was expected but only R1.5m was received, which led to the project being on hold from July 2020 to May 2021. Part of the delay was also caused by the non-completion of interdependencies (link-lines) by Eskom.</p>	<p>The contractor re-commenced with the project on 01 July 2021. The project is expected to be completed in September 2021.</p>

### 3) Municipal Financial Viability & Management:

The overall score for the KPA increased from 83% in the 2019/20 financial year to 86% in 2020/2021, which indicates an increase of 3%.

**Graph 7: Comparative Analysis for MFVFM Performance Over 4 Years:**



Source: uMhlabyalingana Annual Performance Report, 21 May 2021

Table 17 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Municipal Financial Viability and Management KPA.

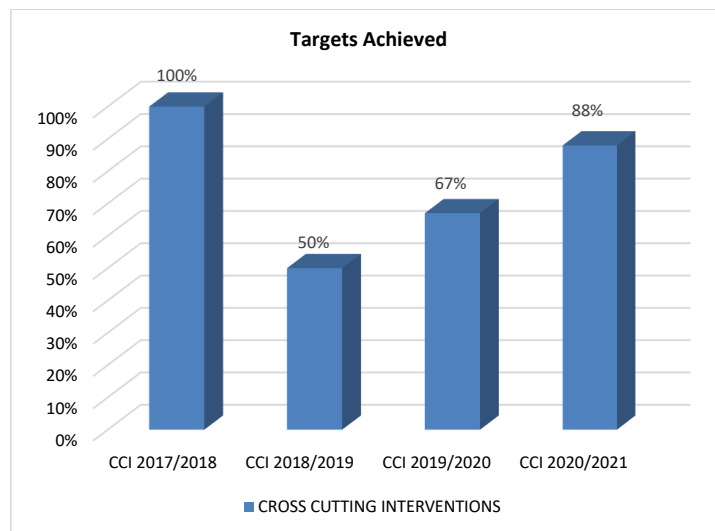
**Table 16: Performance Highlights, Challenges and Planned Measures**

Highlights	Challenges	Measures to Improve Performance
<p>Statutory compliance reports were adequately adhered to in prescribed time frames. These among others involve the Annual Report, Midterm Budget Adjustment Report, and Monthly Section 71 reports.</p> <p>The Revenue Enhancement Strategy was finalised and approved by Council.</p>	<p>Revenue collection remains a major challenge which dates back from the previous financial years. The situation was further exacerbated by lockdown regulations. The Covid-19 pressures add to the existing revenue collection challenges faced by our municipality. Ratepayers would struggle to pay property rates while the number of indigent households, to which the municipality is required to provide basic services, would also increase as unemployment spiked. There is also an unresolved debtors collection matter with Ingonyama Trust Board.</p>	<p>With regards to property rates, the municipality will seek the services of external service provider to assist with debt collection. With regard to Ingonyama Trust debt, the municipality is waiting directives from CoGTA and SALGA in this regard.</p>

#### 4) Cross-Cutting Interventions:

The overall score for the KPA increased from 67% in the 2019/20 financial year to 88% in 2020/2021, which indicates an increase of 21%.

**Graph 8: Comparative Analysis of CCI Performance Over 4 Years:**



Source: uMhlabyalingana Annual Performance Report, 21 May 2021

Table 18 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Cross-Cutting Interventions KPA.

**Table 17: Performance Highlights, Challenges and Planned Measures:**

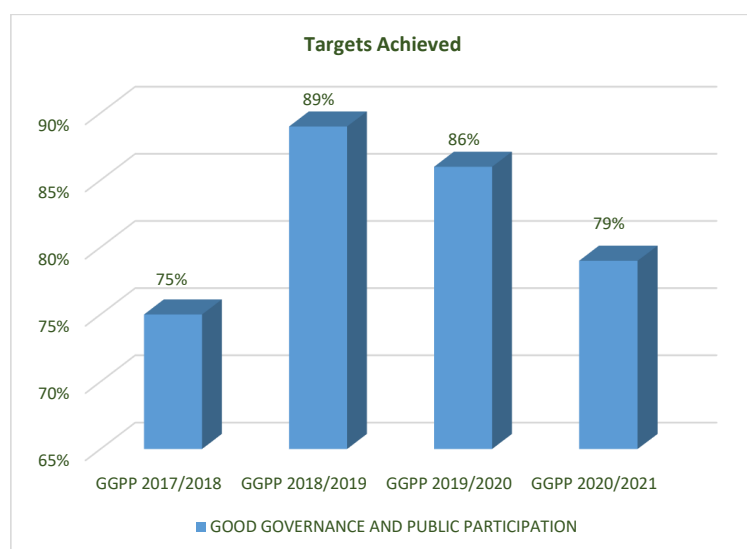
Highlights	Challenges	Measures to Improve Performance
<p>The municipality risk management unit continues to function as envisaged and has reviewed and tabled to Council key strategic risk management documents such as the Business Continuity Plan, Disaster Management Plan and Risk Management Implementation Plan.</p> <p>Spatial Development Framework (SDF) was reviewed and tabled to Council for approval.</p>	<p>The top ten (10) risks facing the municipality were also identified as follows:</p> <ul style="list-style-type: none"> <li>• Ineffective monitoring of (Compensation for injuries and diseases act) COIDA legislative provisions</li> <li>• Ineffective and inadequate control over handling of finances at traffic department</li> <li>• Ineffective Occupational Health and Safety (OHS) management</li> <li>• Inadequate and incomplete indigent register</li> <li>• Unauthorised access to systems</li> <li>• Exposure of critical data and systems to acts of irregularity</li> <li>• Unconducive working environment (unreliable supply of water and other essentials at dumpsite)</li> <li>• Inadequate and unsuitable office space (OHS non-compliant)</li> <li>• Nonalignment of procurement plan/Annual Performance Plan/Budget</li> <li>• Inability to maximise revenue</li> </ul>	<p>A comprehensive Risk Management Plan has been developed and is continuously monitored to ensure that identified risks are sufficiently mitigated.</p>



## 5) Good Governance and Public Participation

The municipality achieved only 79% of the targets in the 2020/21 financial year as compared to 86% in 2019/20, and this represents a drop of 7% in performance.

**Graph 9: Comparative Analysis of GGPP Performance Over 4 Years:**



Source: uMhlabyalingana Annual Performance Report, 21 May 2021

Table 19 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Good Governance and Public Participation KPA.

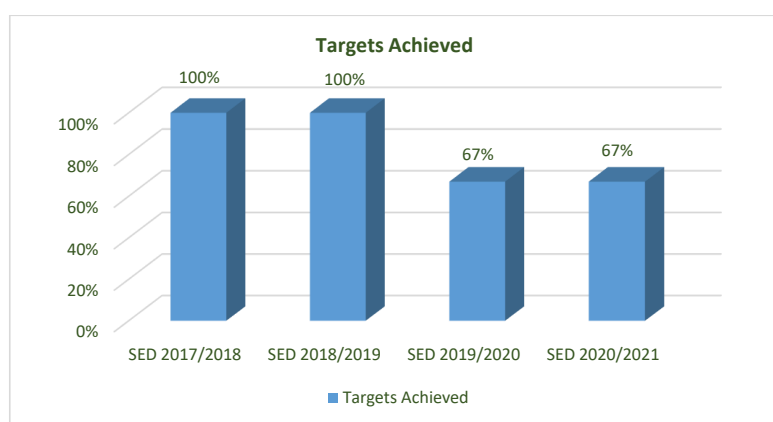
**Table 18: Performance Highlights, Challenges and Planned Measures**

Highlights	Challenges	Measures to improve performance
<p>The following were tabled to Council for approval by 30 June 2021:</p> <ul style="list-style-type: none"> <li>• IDP,</li> <li>• Internal Audit Reports,</li> <li>• Audit Committee Reports,</li> <li>• MPAC Reports,</li> <li>• Reviewed Communications Strategy and Policy,</li> <li>• Batho Pele Policy, procedure manual and Service Delivery Charter,</li> <li>• Reviewed Complaints Management Policy,</li> <li>• SCM Reports.</li> </ul> <p>All 4 B2B Quarterly Performance Reports and Support Plans were submitted to Provincial CoGTA by 30 June 2021.</p>	<p>The holding of public participation meetings and youth and traditional cultural events continued to be a challenge due to restrictions on gatherings imposed by the COVID-19 regulations.</p>	<p>The municipality has reviewed its communication policies and have taken into consideration the Covid19 pandemic and in order to meet legislative requirements in terms of public participation.</p> <p>The municipality has consulted with traditional councils and has planned to host the traditional cultural event in the first quarter of 2021/2022, COVID-19 restrictions permitting.</p>

## 6) Social and Economic Development

For the year under review, the overall performance achieved was 67%, which indicates a stagnation in performance in comparison to 2019/20 where they also achieved the same score.

**Graph 10: Comparative Analysis for SED Performance Over 4 Years:**



Source: uMhlabyalingana Annual Performance Report, 21 May 2021

Table 20 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2020/2021 performance for the Social and Economic Development KPA.

**Table 19: Performance Highlights, Challenges and Planned Measure**

Highlights	Challenges	Measures to improve performance
<p>102 job opportunities created/maintained through EPWP by 30 June 2021.</p> <p>1 691 job opportunities created/maintained through CWP by 30 June 2021.</p>	<p>The LED Strategy was not reviewed as planned because there was no budget allocated to outsource the function to a service provider.</p>	<p>The review of the strategy will now be done in house with the help of EDTEA and COGTA.</p>

**Table 20: Service Delivery Shortfalls**

<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>		
<b>NO.</b>	<b>CHALLENGES</b>	<b>INTERVENTIONS</b>
<b>1</b>	Implementation of Retention Strategy and OPMS Framework IPMS Policy-	<p>The municipality has explored different strategies which are articulated in the Retention strategy, one of which is reviewing travelling allowance, this will retain the employees taking into consideration the topography of the municipality and the conditions and accessibility of the roads and the locations of the municipal boundaries. This will motivate the employees to perform their duties to the best of their abilities.</p> <p>The Municipality is implementing the Performance Management system in phases. This is helping realize the achievable results and the municipality is implementing the system to Deputy Directors and all managers reporting to Heads of Departments.</p> <p>In the 2019/20 financial year the system was implemented to all municipal officers</p>
<b>2</b>	Limited funding towards structured trainings and capacity building programmes which will assist the employees to enhance capacity.	<p>There is an on- going consultation with relevant stakeholders like LGSETA to apply for grant funding where possible and to cease opportunities where stakeholders like SALGA and COGTA can provide such assistance. The funding set aside from municipal budget is inadequate to cover all training needs. The establishment and sustainability of government funded training institutions will have positive impact in overcoming this challenge.</p>
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>		
<b>1.</b>	Electricity capacity constraint	ESKOM is putting infrastructure in place to boost electricity capacity.

2.	Water shortages due to poor planning at a district level, i.e. alignment of RBUBIG and MIG	COGTA has intervened in the district municipality to the extent that Umgeni Water and Umhlathuzi Water are appointed as support entities in the entire district.
3	Sanitation backlog	District function
4.	Poor co-ordination between the local and provincial sphere (department of Transport) thus leading to unsatisfactory road conditions in uMhlabuyalingana, this despite the efforts from the local municipality	To invite the department of transport to portfolio committee meeting and other forums
5.	Poor maintenance of existing public facilities	Maintenance Plan has been developed and will be monitored quarterly
<b>LOCAL ECONOMIC DEVELOPMENT</b>		
1	High rate of the economically active population receives either no income or low income	Introduction of more responsive training opportunities to capacitate the business population.
2	Household income levels in the municipality are extremely low.	Identification and implementation of more labour-intensive catalytic projects.
3	Unsustainable agricultural economy and reduced tourist length of stay due to restrictions on various tourism experiences.	Development of an inclusive LED Strategy Monitoring Plan with clear institutional arrangements that will focus on agricultural production sustainability while also unlocking tourist experience in a responsible manner.
4	Non-compliant business operators and high rate of illegal immigrants taking over local enterprises.	Enforcement of trading by-laws to enhance competitive and compliant trading environment.
5	Limited energy supply which compromises investment rate.	Enforcement of a responsive Renewable Energy Technology Plan to boost the current gap between energy supply and demand private sectors.
<b>FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>		
1	Low revenue base and highly dependent on grant funding owing to financial constraints.	Implementation of Revenue Enhancement Strategy.
2	Poor Revenue Enhancement Strategy.	Implementation of Revenue Enhancement Strategy.

3	Uncooperative business community in the implementation of the MPRA.	Awareness campaigns that aim to educate and involve the business community on the impact thereof.
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>		
1	Poor functioning of IGR structures.	Promote participative, facilitative and accountable governance, policy and strategy co-ordination in IGR structures.
3	Functionality of ward committees is not consistent across all wards.	Improve the administration of ward committees through reviewing the organogram to reflect the administrative aspect of ward committees
<b>CROSS CUTTING INTERVENTION</b>		
1	Lack of intergovernmental linkages.	Improve IGR participation.
2	Slow progress in the formalization of towns (Manguzi and Mbazwana) as approved by the KwaZulu Natal Cabinet in 2011.	uMhlabuyalingana Spatial Development Framework identifies important nodes, such as Mbazwana (Primary Node), Manguzi (Primary Node), etc. Obviously, these nodes have different functions or roles in the development of uMhlabuyalingana. The successful development of Manguzi and Mbazwana towns will have many economic benefits for the people of uMhlabuyalingana. In five years' time, uMhlabuyalingana Municipality would have made significant progress in terms of attracting investors to the towns, thereby creating a platform for a sustainable revenue base for the municipality.
3	Response to climate change.	Sound and effective disaster management; Increase productive use of land resource.
4	uMhlabuyalingana Municipality is currently experiencing problems with poor response and public involvement in the implementation of the land use scheme and land management.	Preparation of the wall-to-wall scheme as required in terms of the KwaZulu Natal Planning and Development Act is underway from the 2016/17 financial year.

### 1.3.3 Proportion of Households with Access to Water

The table below illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, although the majority of households still rely on natural resources for their water supply. Only 10 percent of households have access to piped water inside their dwellings.

**Table 21: Distribution of Households by Access to Piped (Tap) Water for 1996, 2001 and 2011**

Municipality	Piped (tap) Water inside Dwelling/Yard			Piped (tap) Water on a Communal Stand			No Access to Piped (tap) Water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
uMhlabuyalingana Municipality	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472

Source: Stats SA Census 1996, 2001 & 2011

### 1.3.4 Proportion of Households with Access to Sanitation

The type of sanitation facility utilised by households is illustrated in Table 23. There are very few households which have access to flush toilets (including flush septic tank). A positive trend between 2001 and 2011 has been the drastic decrease in the number of individuals who do not have access to any form of sanitation facility.

**Table 22: Distribution of Households in uMhlabuyalingana by Type of Toilet Facility for 1996, 2001 and 2011**

Type of Toilet Facility	Year		
	1996	2001	2011
Flush or Chemical Toilet	214	3 159	7 400
Pit Latrine	5 461	4 615	18 933
Bucket Latrine	122	218	476
None	13 542	18 333	6 226

Source: Stats SA Census 1996, 2001 & 2011



### 1.3.5 Electricity

Electricity is the main energy source used by households for cooking and lighting purposes. It is estimated that only 2 480 and 3 474 households have a supply of electricity for cooking and lighting purposes respectively.

## 1.4 FINANCIAL HEALTH OVERVIEW

uMhlabuyalingana Municipality has a low revenue base and is highly dependent on grants. However, the municipality is trying its level best to enhance its own revenue generation within its area of jurisdiction. A Revenue Enhancement Strategy was reviewed by the municipality and will be presented to the relevant stakeholders. As part of the implementation of the Revenue Enhancement Strategy, management has developed strategies to encourage the business community and property owners to pay for services and taxes, wherein several meetings were held between the municipality and property owners to discuss discounts and certain write-offs. The municipality has also appointed legal firms to assist the municipality with recovery of amounts owed to the municipality.

The municipality purchased the asset management system which will be utilized to record municipal assets in a manner that will ensure compliance with the GRAP standards. Asset verifications were performed, and Council was advised to take necessary resolution to write-off assets that are eligible to be written-off from the asset register.

The municipality has obtained an unqualified audit opinion with findings on other matters for the last four years. An action plan was developed to address the issues which were raised as matters of emphasis. The administration was also tasked to develop clean audit sustainability plans which will assist the municipality to sustain the good results. The oversight is performed monthly by councillors during council meetings because clean audit is a standing agenda item.

The municipality does not have any loans. The municipality has introduced a revenue management, expenditure management and cost containment programme to raise and collect all revenue due to the municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery.

The municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), third party payments (pension and medical aid funds) and any other trade creditors.

**Table 23: Current Ratios Over 3 Years**

	2020/2021	2019/2020	2018/2019
Current assets/Current liabilities	4.30	2.01	1.92

This ratio is used to assess the ability of the municipality to pay back its short-term liabilities with its short-term assets which is cash, inventory and receivables. The norm ranges between 1.5 to 2:1. The ratio indicates that the municipality is highly liquid and is capable of paying back its short-term obligations.

**Table 24: Cash/Cost Coverage Ratios Over 3 Years**

	2020/2021	2019/2020	2018/2019
Cash and cash equivalents- unspent conditional grants-overdraft+ short-term investments/monthly fixed operational expenditure excluding depreciation, provision for bad debts, impairments and loss on disposal of assets	5 months	3 months	3 months

This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue during that month. The ratio has changed from 3 months to 5 months in the current financial year when compared to the previous 2 financial years which indicates that the municipality is not in the financial risk of not being able to meet its obligations to provide basic services or meet its financial commitments.

### Debtor's Collection

**Table 25: Collection Rate**

	2020/2021	2019/2020	2018/2019
Gross debtors closing balance + Billed revenue – Gross debtors opening balance – Bad debts written off/Billed revenue x 100	71%	119%	101%

This ratio indicates level of payments received from debtors and it measures increase or decrease in debtors relative to annual billed revenue. Collection rate has decreased when compared to the two prior years.

**Liability Management:** The municipality does not have any borrowings therefore, liability and/or borrowing ratios cannot be calculated.

**Revenue Management, Expenditure Management and Cost Containment Measures:** The Municipality has introduced a revenue management, expenditure management and cost containment programme to raise and collect all revenue due to the municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery.

The municipality has managed to implement the MSCOA as per the National Treasury requirements by the 1<sup>st</sup> of July 2017. The financial system being used by the municipality is MSCOA compliant, since the municipal IDP and SDBIP has been captured onto the system and successfully managed to develop the budget chart on the system. On the 1<sup>st</sup> of July 2017 the municipality managed to go live on MSCOA and is able to transact on the financial system.

The municipality's own revenue in 2020/2021 financial year reflects a 6% decrease compared to 2019/20. This is largely due to a decrease in interest received from investments. The operating expenditure for current year has increased by 5% when compared to 2019/20. This increase is largely due to a 128% increase in transfers and subsidies.

**Table 26: Financial Overview**

	Financial Overview 2020-2021		
	Original budget (R)	Adjustment budget (R)	Actual (R)
<b>Income</b>			
Grants	238 848 000	272 158 067	272 047 866
Taxes, levies and tariffs	20 676 181	19 457 649	21 771 606
Other income	18 293 796	7 560 960	7 930 560
<b>Sub-total</b>	<b>277 817 977</b>	<b>299 176 676</b>	<b>301 750 032</b>
<b>Expenditure</b>	<b>(209 637 978)</b>	<b>(239 913 605)</b>	<b>(239 616 409)</b>
<b>Net total</b>	<b>68 179 999</b>	<b>59 263 071</b>	<b>62 133 623</b>

Employee costs represent 32% of the total operating expenditure, which is within the norm. Repairs and maintenance expense constitutes 5% of total operating expenditure while Finance charges and impairment is 1% of the total operating expenditure.

**Table 27: Operating Ratios**

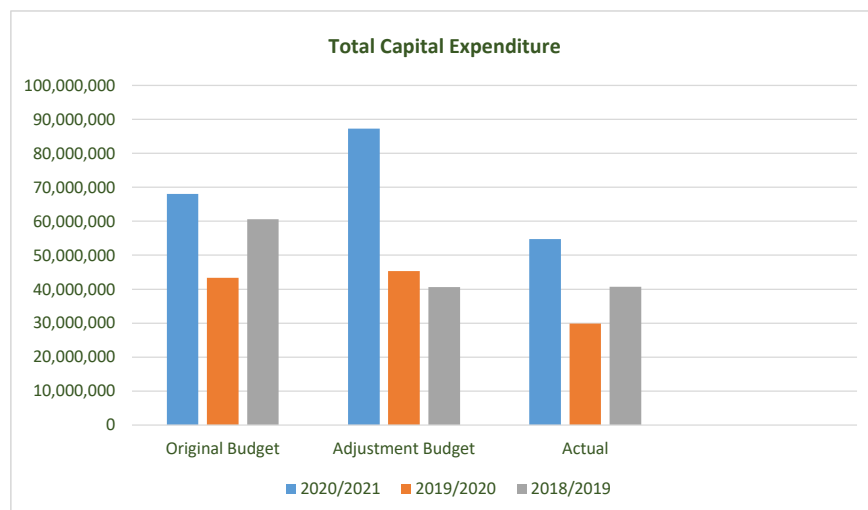
Operating Ratios	20120/2021	2019/2020	2018/2019
Detail	%	%	%
Employee Cost	32%	37%	38%
Repairs & Maintenance	5%	3%	3%
Finance Charges & Impairment	1%	1%	1%

**Table 28: Total Capital Expenditure**

Total Capital Expenditure Over 3 Years (R)			
	2020/2021	2019/2020	2018/2019
Original Budget	68 100 000	43 378 000	60 587 330
Adjustment Budget	58 973 248	45 372 747	40 600 863
Actual	54 729 052	29 824 243	41 516 325

The variance between the original budget vs the actual expenditure is 20% and the variance between the adjustment budget vs the actual expenditure is 7% which means there was an under expenditure on the budget.

**Graph 11: Total Capital Expenditure**



**Comment on Capital Expenditure:** The variance between the original budget vs the actual expenditure is 20% and the variance between the adjustment budget vs the actual expenditure is 37% which means there was an under expenditure in Capital Budget

Low expenditure in capital budget is a result of delays in the implementation of capital budget is mainly because of the national lockdown due to the COVID-19 pandemic.

## 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

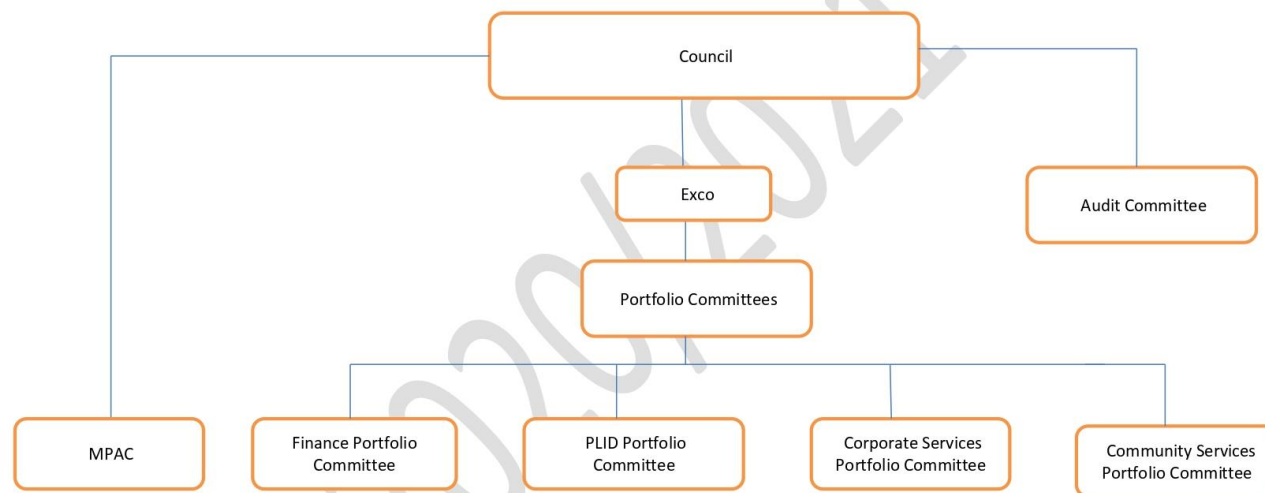
The Council approved an organizational structure/organogram that aligns with the long-term development plans of the municipality as reflected in the IDP, as well as the powers and functions of the Municipality and the need for effective administration. The vacancy rate is indicated as well as the filled positions. The organogram defines this organisational structure and makes provision for the following departments and strategic programmes:

- The Office of the Municipal Manager
- Corporate Services Department
- Technical Services, Planning and Local Economic Development Department
- Finance Department
- Community Services Department

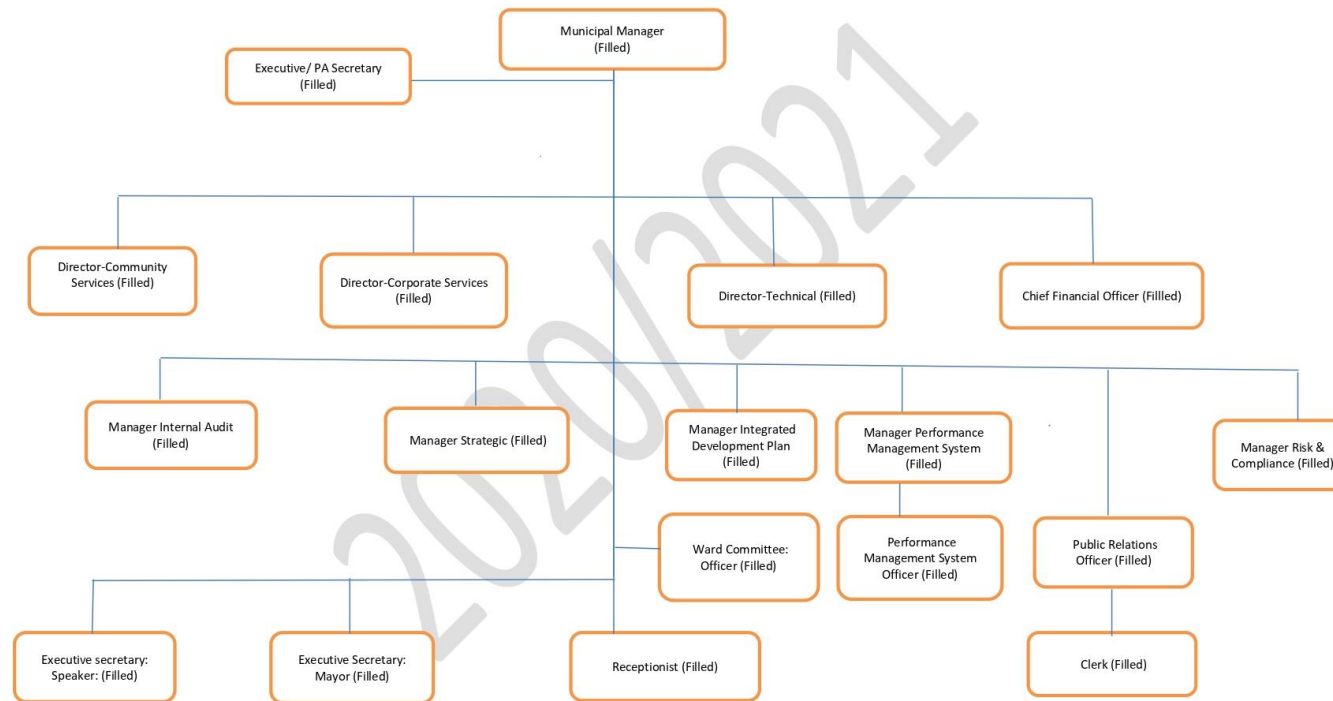
The implementation of the organogram is a priority for the municipality given the need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. Challenges in this regard include the remote location of the municipality in relation to major urban centres and the limited resources available to the municipality for staff remuneration. All critical positions are filled, and the municipality has a staff complement of 497 employees.

## UMHLABUYALINGANA MUNICIPAL ORGANOGRAM

2020/2021

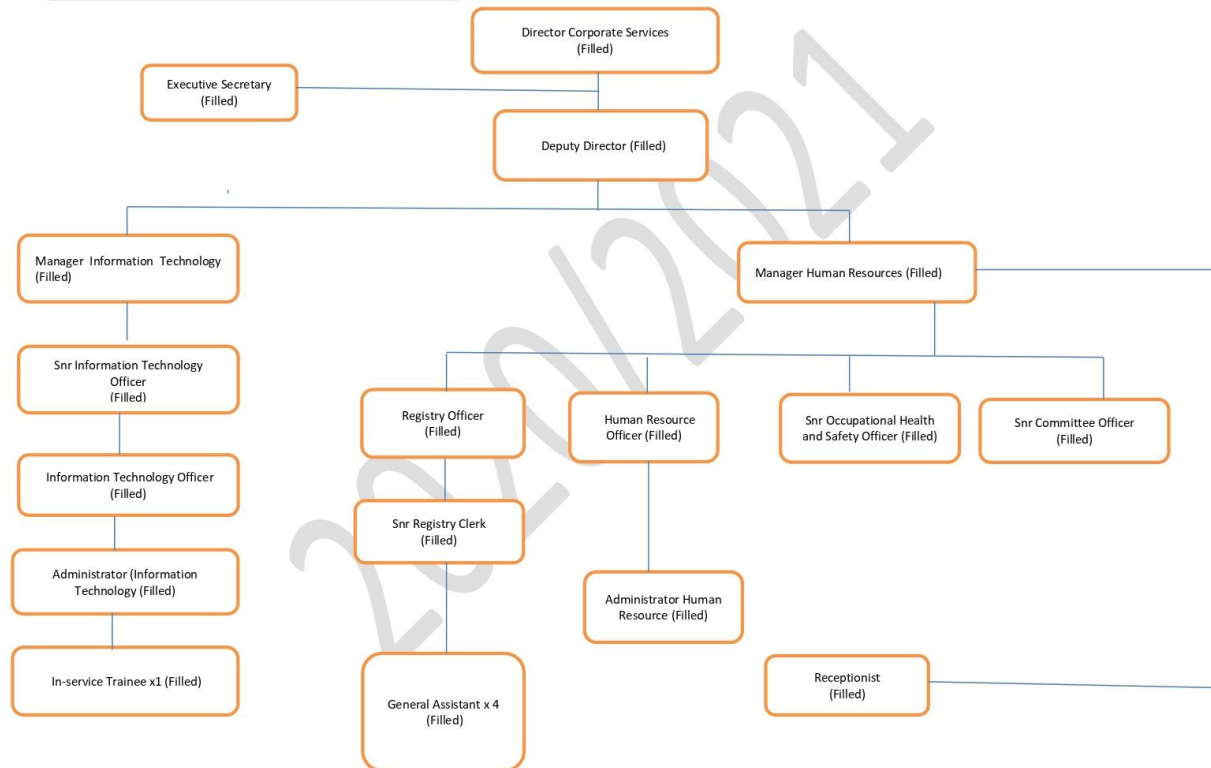


## ORGANOGRAM: MANAGEMENT

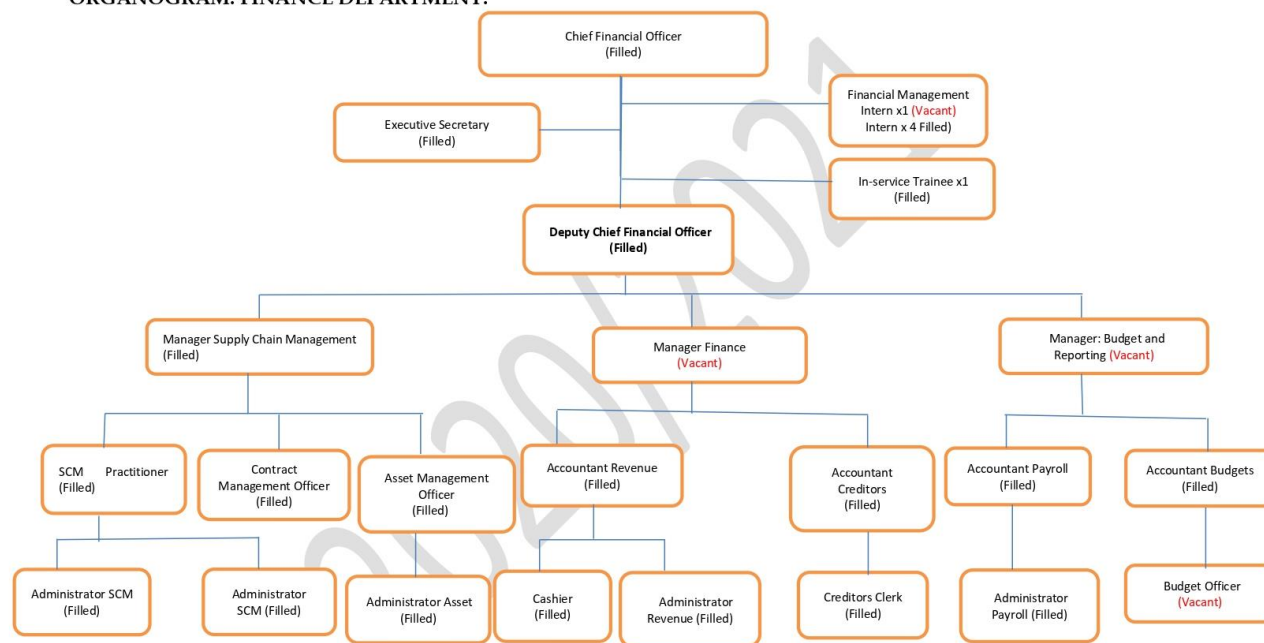




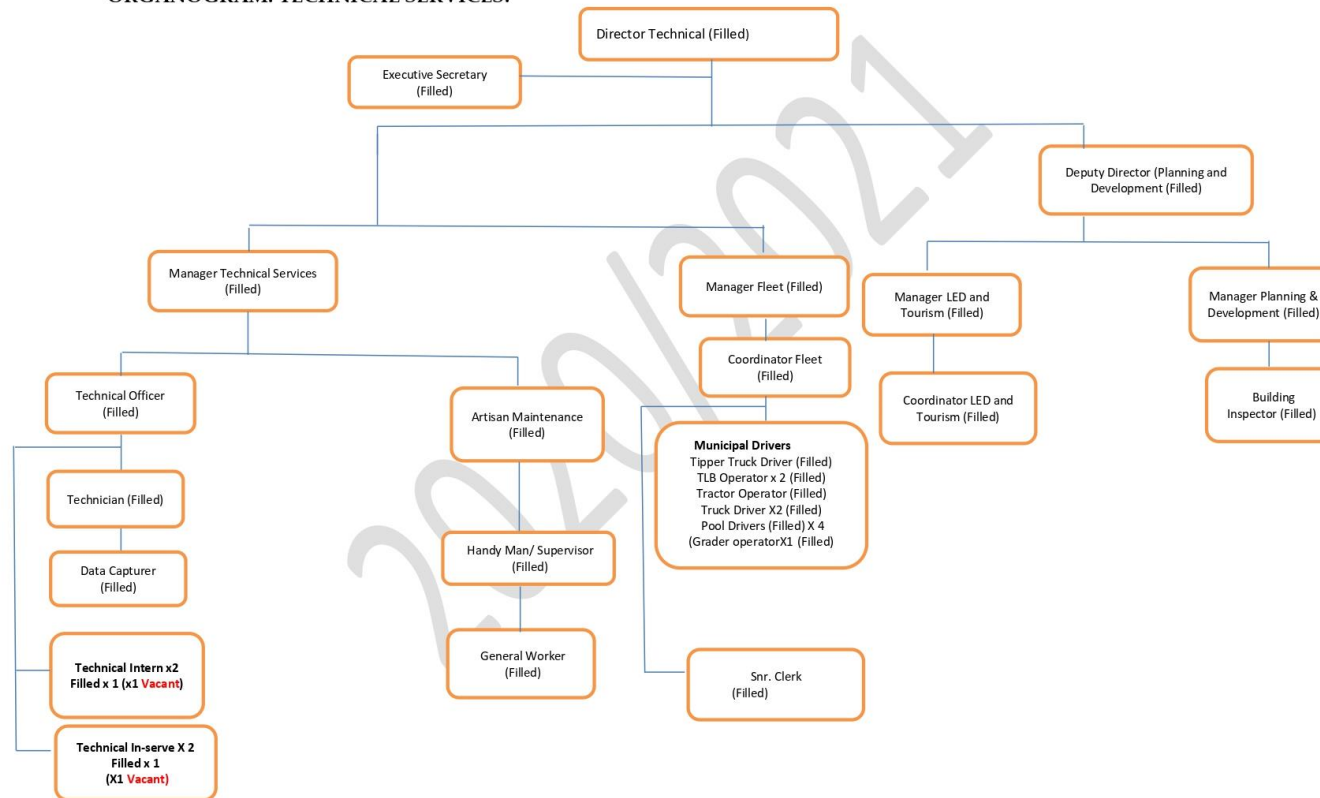
**ORGANOGRAM: CORPORATE SERVICES:**



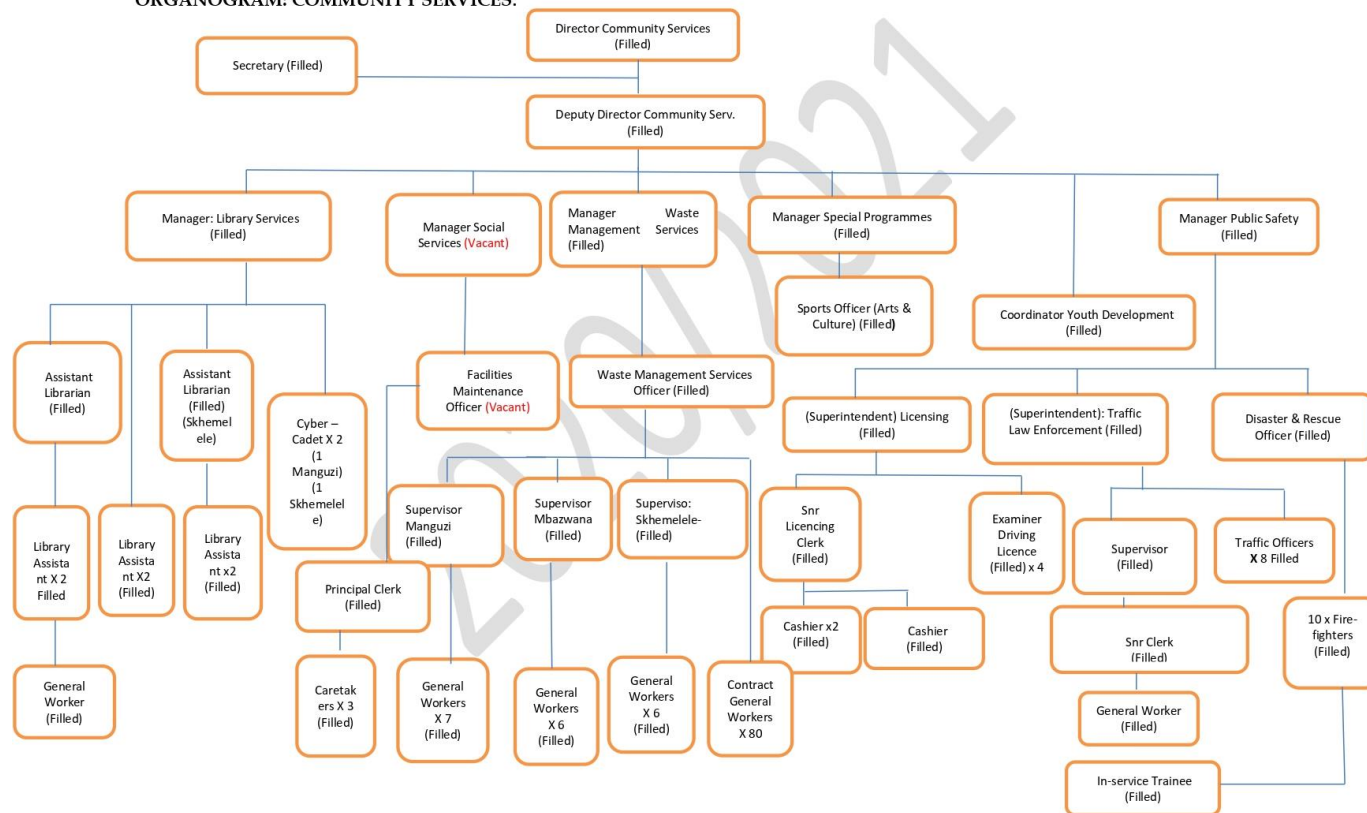
**ORGANOGRAM: FINANCE DEPARTMENT:**



# ORGANOGRAM: TECHNICAL SERVICES:



# ORGANOGRAM: COMMUNITY SERVICES:



## 1.6 AUDITOR GENERAL'S REPORT

uMhlabuyalingana Municipality received an unqualified audit opinion with findings on other matters for the 2020/21 financial year. This audit report is contained in Chapter 6 of this annual report. This was achieved with in-house capacity and with the assistance of appointed consultants. The audit opinions received for the past 5 financial years clearly indicate an improvement in leadership and control on the matters that the Auditor-General focuses on during her audits:

### 1.6.1 Audit Outcomes

- 2020/21: Unqualified audit opinion with findings on other matters
- 2019/20: Unqualified audit opinion with findings on other matters
- 2018/19: Unqualified audit opinion with findings on other matters
- 2017/18: Unqualified audit opinion with findings on other matters
- 2016/17: Unqualified audit opinion with no findings on other matters

The audit opinion is expressed in relation to the audit of the Annual Financial Statements. The other matters deal with predetermined objectives and legislative compliance issues. Further details can be found in the Audit Outcome/s Improvement Plan attached as Volume III to the Annual Report 2020/2021.

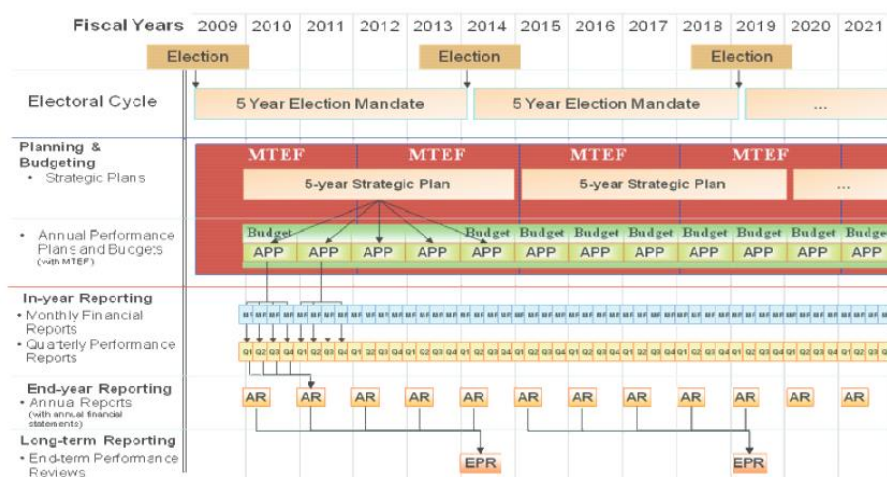
## 1.7 STATUTORY ANNUAL REPORT PROCESS

The statutory processes followed in compiling this annual report is presented in the table below. The process starts in July each year with the compilation of the Annual Report and continues until the end of March the following year when Council accepts the Annual Report and the Oversight Report on the Annual Report.

**Table 29: Annual Report Statutory Process**

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor-General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor-General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor-General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

## The Relationship and Timing of the Different Accountability Processes



**Strategic Plans:** The municipality conducts strategic planning sessions annually, setting out the municipality's policy priorities, programmes and project plans for a five-year period, as approved by its Executive Authority, within the scope of available resources.

The strategic plan focused on strategic outcomes-oriented goals for the municipality as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

A strategic plan covers a period of five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they are revised every five years, and a new or revised strategic plan is then prepared for consideration. Departments tabled their strategic plans for budgeting purposes. Linked to a strategic plan is the consideration of the MTSF, the Provincial Growth and Development Strategy, IDPs of the municipality, Performance Agreements and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long-term government plans. The municipality's resources and capabilities are also considered in the formulation of the strategic plan. The document lays the foundation for the development of Annual Performance Plans.

**Annual Performance Plans/SDBIPs:** The Annual Performance Plans set out what the municipality intends doing in the upcoming financial year and during the MTEF to implement its strategic plan.

The SDBIPs sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the municipality realizing its goals and objectives as set out in the Strategic Plan. Where appropriate, the plan has quarterly breakdown of performance targets for the upcoming financial year.

To simplify performance tracking, in-year changes to the plan should be made during the mid-year review. Where the municipality's performance exceeds or misses targets due to in-year budget changes or for another reason, this is noted and documented in the mid-year report. In-year monitoring of the Annual Performance Plans/SDBIPs is conducted through the quarterly performance reports and year-end reporting is made in the programme performance section of the institution's annual report.

**Legal Requirements and Guidelines:** Chapters 5 and 30 of the Treasury Regulations set out the legal requirements.

**Annual Budget and MTEF:** The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections. The annual budget indicates the resource envelope for the year ahead and sets indicative future budgets over the MTEF. The budget covers the current financial year and the following two years.

**Quarterly Performance Reports:** Quarterly performance reports provide progress updates on the implementation of the municipality's Annual Performance Plan/SDBIPs in the previous quarter, with reference to monitoring delivery against quarterly performance targets.

A quarterly performance report provides information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

**Timeframes:** Quarterly reports were prepared for each quarter. Changes to planned targets are not made in quarterly performance reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year. Legal requirements and guidelines contained in Chapters 5 and 30 of the



Treasury Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

**Annual Reports:** The Annual Report provides information on the performance of the municipality in the preceding financial year for the purposes of oversight. It looks at the municipality's performance relative to the targets set in the Annual Performance Plan/SDBIPs and provides the audited annual financial statements. It reveals how the budget was implemented and the state of the institution's financial management systems and should include relevant background statistics and administrative data series.

The timeframes for the compilation of Annual Reports are set out in the MFMA and Treasury Regulations. Annual Reports should be linked to the implementation of the Annual Performance Plan/SDBIPs and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

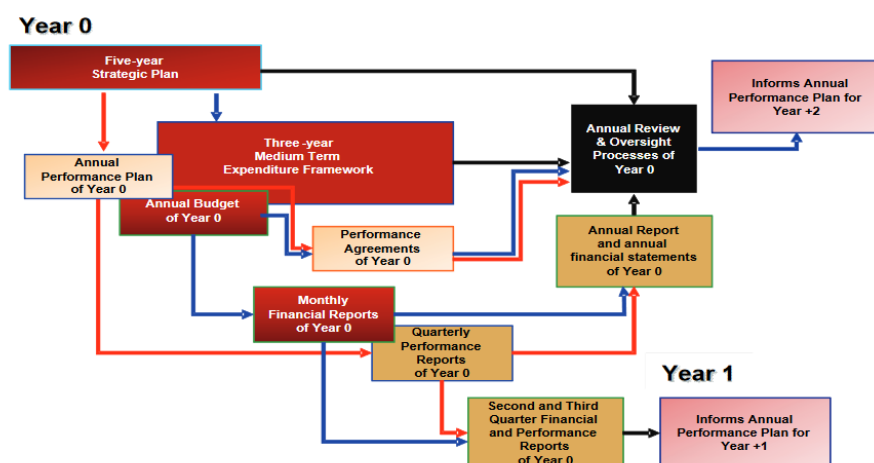
**Performance Agreement:** A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position and include a performance-related incentive and reward system for managing an official's job performance. A performance agreement specifies individual performance targets for the accounting officer and other HODs.

Performance Agreements are signed by the end of July. Performance Agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan and the annual budget. At the end of the financial year, each official's performance is reviewed in relation to their respective Performance Agreement.

**End-Term Reviews:** The municipality conducts an end-term review towards the end of the period covered by its Strategic Plan. The review follows the format of the plan. The municipality reports on the extent to which it has succeeded in achieving each of the strategic outcome-oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

**Information Flow and Relationship Between Plans and Budgets:** The graph below shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.

Graph 12: Link Between Planning, Budgeting and Reporting



At the end of the financial year, the accounting officer compiles Annual Financial Statements reporting on the implementation of the budget, and an Annual Report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, are incorporated into an annual review and oversight process involving the Municipal Public Accounts Committee. Recommendations are made about future performance targets which would feed into the planning and budgeting process for the following year.

# CHAPTER 2

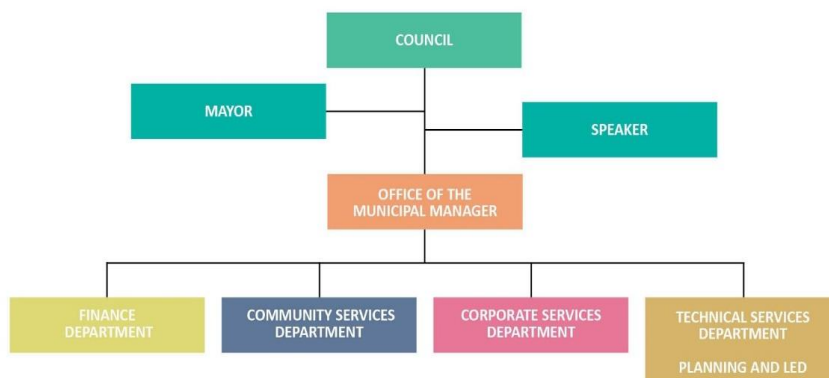
GOVERNANCE

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### 2.1 POLITICAL GOVERNANCE

uMhlabuyalingana Municipality's political governance structure consists of Portfolio Committees, EXCO, MPAC and Council.

#### ADMINISTRATIVE GOVERNANCE STRUCTURE



The Municipal Council is constituted by 5 political parties in a form of proportional representation, which is as follows:

**Table 30: Representation of Political Parties**

Political Party	Number of Representatives/Councillors
African National Congress	22
AIC	1
Inkatha Freedom Party	10
Democratic Alliance	1
Economic Freedom Fighters	1
<b>TOTAL</b>	<b>35</b>

#### Executive Committee



**CLLR NS MTHETHWA -  
MAYOR**



**CLLR BN NTSELE**



**CLLR FG MLAMBO -  
DEPUTY MAYOR**



**CLLR MD  
MATHENJWA**



**CLLR MZ  
MHLONGO**



**CLLR NS TEMBE**



**CLLR ZM  
MHLONGO**



**CLLR BT TEMBE**

## WARD COUNCILLORS



Ward 1:  
CLLR KO Tembe



Ward 2:  
CLLR BN Ntsele



Ward 3:  
CLLR TN Magagula



Ward 4:  
CLLR LD Tembe



Ward 5:  
CLLR TJ Nxumalo



Ward 6:  
CLLR DM Mathenjwa



Ward 7:  
CLLR ET Nxumalo



Ward 8:  
CLLR GS Mthembu



Ward 9:  
CLLR D Tembe



Ward 10:  
CLLR MI Mthembu



Ward 11:  
CLLR NS Mthethwa



Ward 12:  
CLLR N Vumase



Ward 13:  
CLLR JB Gwala



Ward 14:  
CLLR NJ Ndabeni



Ward 15:  
CLLR NC Mdletshe



Ward 16:  
CLLR EG Mhlongo



Ward 17:  
CLLR NS Tembe



Ward 18:  
CLLR JE Sithole

## PR COUNCILLORS



CLLR:  
BC Zikhali



CLLR:  
ZM Mhlongo



CLLR:  
BT Tembe



CLLR:  
BJ Tembe



CLLR:  
FG MLAMBO



CLLR:  
MZ Mhlongo



CLLR:  
SM Ndlovu



CLLR:  
SP Mthethwa



CLLR:  
SS Gumede



CLLR:  
TL Mlambo



CLLR:  
HK Gumede



CLLR:  
JG Ngubane



CLLR:  
LE Mkhwanazi



CLLR:  
MD Mathenjwa



CLLR:  
MJ Mthembu



CLLR:  
TS Khumalo



CLLR:  
TS Myeni

## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of the Municipality and the Head of the Administration. Her primary function is to serve as chief custodian of service delivery and the implementation of political priorities.

She is assisted by four (4) Heads of Departments (HoDs) which comprise the Directors Corporate Services, Technical Services, Community Services and Chief Financial Officer as per the approved organogram. Management meetings are held at least on a weekly basis to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, departments and the local community.

### Top Administrative Structure



**MRS. N.P. GAMEDE –  
MUNICIPAL MANAGER**



**MR. M.S. QWABE –  
DIRECTOR: TECHNICAL  
SERVICES DEPARTMENT**



**MR. N.P.E. MYENI –  
CHIEF FINANCE OFFICER**



**MS. N.V.F. MSANE –  
DIRECTOR: CORPORATE  
SERVICES DEPARTMENT**



**MR. S.T. SHANGE –  
DIRECTOR: COMMUNITY  
SERVICES DEPARTMENT**



## COMPONENT B: INTER-GOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

**National Inter-Governmental Relations:** uMhlabuyalingana Municipality participates in a range of intergovernmental activities, both formally and informally. Key staff members participate in professional institutes that govern the interests of various fields of work. Examples of such interaction and cooperation are:

#### National Intergovernmental Structures

- National Government Departments
- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- Electricity Distribution Regulation and Tariff Setting (NERSA)
- Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO)
- Institute of Fire and Emergency Safety of South Africa
- Institute of Internal Auditors
- Institute of Municipal Licensing Officers of South Africa
- Institute of South African Municipal Accounting Officers (ISAMAO)
- National Government SETA Skills Development Forum
- National Municipal Managers Forum
- South African Local Government Association (SALGA)
- South African Tourism Services Association (SATSA)

**Provincial Inter-Governmental Structures:** Interaction with KZN government departments and municipalities is valuable in ensuring better coordination and cooperation. At these sessions, information and best practices are widely shared. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- KwaZulu-Natal Government Departments
- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- CFO Forum
- Disaster Management Forum
- EPWP Coordinating Meetings
- Provincial IDP Managers' Forum
- MIG Coordinating Meetings
- Ministerial Mayors' Forum

- Municipal Governance Review and Outlook (MGRO)
- Municipal Managers' Forum
- Municipal Planning Forum
- Premier's Coordinating Forum
- Provincial Local Government SETA Skills Development Forum
- Provincial Speakers' Forum
- Public Participation and Communications Forum
- Records Management Forum
- SALGA Working Groups

**Relationship with Municipal Entities:** No municipal entities have been established in uMhlabuyalingana Municipality.

**District Inter-Governmental Structures:** All service delivery matters involving other government departments, private sector, development agencies, etc. are co-ordinated through the District IGR-Forum. Other Forums that are established at District Level are the Mayors' Forum, Municipal Managers Forum, Planners Forum, Finance Forum, Technical Services Forum, Corporate Services Forum, etc. A revised Terms of Reference for all these committees is in place and annual calendar for forum meetings is prepared by the district. uMhlabuyalingana Municipality has its own IGR forums to address local services delivery matters with the relevant sectors.

The Provincial CoGTA Department provided grant funding to support the uMkhanyakude district family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate the smooth operations of these forums have been developed. Dates of IGR meetings are incorporated into the District Events Calendar. Protocol Agreements were signed by all the Mayors and Municipal Managers in December 2013. Technical Forum and Sub-Committee meet on a frequent basis. Local municipalities have appointed IGR Champions to strengthen communication.

## COMPONENT C: PUBLIC ACCOUNTABILITY

### OVERVIEW OF PUBLIC ACCOUNTABILITY

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- “(a) Be responsive to the needs of the local community;*
- (b) Facilitate a culture of public service and accountability amongst staff;*
- (c) Take measures to prevent corruption;*
- (d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) Inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

To comply with the above, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor as well as Council Committees such as the Municipal Public Accounts Committee (MPAC), and Special (Disciplinary) Committee dealing with the Code of Conduct for Councillors, as well as a Fraud and Risk Management Committee. In addition thereto, an Audit Committee comprising of independent external professionals also advises Council. The Audit Committee also serves as the Municipality’s Performance Audit Committee and meets on a quarterly basis. A quarterly report reflecting the Audit Committee’s recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a segregation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and also assist the municipality to discharge the necessary public accountability responsibilities.

## 2.4. PUBLIC MEETINGS

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**Communication, Participation and Forums:** Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the municipality. During the year under review, the municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below)
- Public notices in local, regional and national newspapers
- Newsletters
- Press releases as and when required
- Public IDP and consultative meetings
- General municipal programmes
- The municipal website, regularly updated with recent news.

Stakeholder and community engagements to determine and undertake development priorities form the cornerstone of the IDP. Needs are dynamic and by virtue of their changing nature, must be reviewed frequently. The annual review of the IDP is a process which assists the municipality to further enhance its service delivery outputs and outcomes and through the Performance Management System implemented by the Municipality, it ensures that the municipality remains accountable to the local community, the various sectors and businesses alike.

The Municipal Council ensures that its oversight role is sufficiently mandated by the popular voice of its local community, through fully embracing the principles of participatory democracy. This is achieved through a well-functioning Ward Committee system, robust public participation through our various development planning processes and regular communication with the community through public meetings, newsletters, radio and various other print and electronic media including the municipality's website.

The IDP structures/forums are listed below together with the role-players that participate in the municipal IDP programmes. The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All municipal councillors
- The Municipal Council
- The Executive Committee
- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized farm-workers structures
- Private sector

**uMhlabuyalingana Municipality Council:** The Council is responsible for the following:

- Adoption of the IDP Process Plan,
- Adoption and approval of the reviewed IDP,
- Amendment of the IDP in accordance with the comments by sector departments and the MEC,
- Approval of the various review phases,
- Ensuring that the IDP is linked to the PMS and municipal budget.

**The Executive Committee** has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP,
- Overall management of the IDP Review process,
- Monitoring the IDP review process.

**The IDP Manager** is assigned the following responsibilities:

- Management and co-ordination of the IDP process,
- Ensure that there is vertical and horizontal alignment of the IDP,
- Management of the consultants,
- Ensuring all stakeholders are informed of the process and their involvement,
- Create a conducive environment for public participation.

**The IDP Steering Committee** is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding,
- Support the IDP Manager in the management and co-ordination of the IDP process,
- Discussion of input and information for the IDP review,
- Ensuring the monitoring and evaluation of the information gathered,
- Attending to MEC's comments.

**The IDP Representative Forum** is assigned the following responsibilities:

- Recommend reports for approval / adoption,
- Representing interests of the constituents,
- Present a forum for communication and participation for all stakeholders,
- Monitoring the IDP review process.

The IDP Representative Forum is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders, or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

- Chairperson** : The Mayor
- Secretariat** : uMhlabuyalingana IDP Steering Committee
- Members** :
- : All Municipal Councillors
  - : The Executive Committee
  - : Councillors and Officials from uMkhanyakude District Municipality
  - : Municipal Manager and Municipal Officials
  - : Traditional Leaders within uMhlabuyalingana Municipality
  - : Ward Committees Representatives
  - : Community Development Workers (CDWs)
  - : Parastatals and Service Providers
  - : NGOs and CBOs
  - : Sector Departments
  - : Neighbouring Municipalities
  - : Neighbouring Countries
  - : Farmers Associations
  - : Traditional Healers
  - : Churches
  - : Private sector

**The uMkhanyakude District Municipality** forms a district-wide Planning and Development Forum for the purpose of alignment with all the local municipalities within the district.

**The Municipal Officials** are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They have to provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.

**Amakhosi and Traditional Councils:** There is still a challenge with regard to the participation of Amakhosi in Council Meetings in line with Section 81 of Municipal Structures Act. The Traditional Councils work as a link between the community and Ward Councillors and matters of service delivery and needs of the people. This could assist in providing information with regard to land rights and possible available areas for future development.

**The Sector Departments** have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

**Ward Councillors** are an important link between the municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors will be responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

**The Ward Committees** have a crucial role of identifying the needs and service delivery gaps in the community, meet on a monthly basis, submit their sectorial reports and report to the Ward Councillor. uMhlabuyalingana Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

uMhlabuyalingana Municipal Ward Committees derive their functions and powers from the municipality's policy in line with the provisions of Section 59 of the Municipal Systems Act. Powers delegated in terms of the adopted policy are as follows:

- To serve as an official specialized participatory structure in the municipality,
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
  - Advise and make recommendations to the Ward Councillor on matters and policy affecting the ward,
  - Assist the Ward Councillor in identifying challenges and needs of residents,
  - Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties,
  - Receive queries and complaints from residents concerning municipal service delivery, communicate it to Council and provide feedback to the community on Council's response,
  - Ensure constructive and harmonious interaction between the municipality and the community through the use and co-ordination of ward residents' meetings and other community development forums; and interact with other forums and organizations on matters affecting the ward.



- To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:
  - Attending to all matters that affect and benefit the community,
  - Acting in the best interest of the community,
  - Ensure the active participation of the community in:
    - ❖ Service payment campaigns;
    - ❖ The integrated development planning process;
    - ❖ The municipality's budgetary process;
    - ❖ Decisions about the provision of municipal services;
    - ❖ Decisions about by-laws;
    - ❖ Decisions relating to implementation of Municipal Property Rates Act (MPRA); and
    - ❖ Delimitate and chair zonal meetings.

#### **Composition of Ward Committees:**

- A ward committee consists of the Ward Councillor representing that ward in Council who is also the chairperson of the committee, and not more than ten other persons,
- In the process of election of the Ward Committee, the need for women to be equitably represented in a ward committee and for a diversity of interests in the ward to be represented must also be considered,

**Public Meetings:** The Communication Strategy is implemented as follows to achieve effective public participation:

- Newsletter – Used to communicate the projects, programmes and development,
- Suggestion boxes in all the municipal facilities,
- Local and National Newspapers - This medium was used to communicate various messages that concerns the municipality especially service delivery,
- Local and National Radio,
- Ward Community Meetings - This institution was used effectively to promote maximum community participation in municipal affairs.
- Public Meetings (Izimbizo) - These meetings were conducted to provide a platform for the municipality to communicate the updates on projects and programmes undertaken by Council and to further solicit input from communities and obtain their (communities) buy-in thereto,
- Annual Report - The annual report was distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information,

- Website - Through this tool various stakeholders such as the business community, foreign investors, NGOs and the community at large are able to gain more access to information regarding the municipality,
- IDP Structures were used for public participation and implementation of uMhlabyalingana Municipality's Communication Strategy.

The Communication Plan for public participation is developed and circulated to all councillors and IDP Structures. The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

**Table 31: Public Meetings Held**

EVENT	DATE	VENUE
IDP Review Public Participation	19/10/2020	Mbazwana Arts Centre
IDP Review Public Participation	20/10/2020	Hlokohloko Hall
IDP Review Public Participation	21/10/2020	Mlamula Hall
IDP Review Public Participation	22/10/2020	Thengani Hall
IDP/Budget Public Participation	11/05/2021	Mbazwana Multi-Purpose Centre

## 2.5 IDP PARTICIPATION AND ALIGNMENT

**Table 32: IDP Participation and Alignment**

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

## COMPONENT D: CORPORATE GOVERNANCE

Governance in uMhlabuyalingana Municipality encompasses line functions pertaining to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services. The governance function is supported by an independent Audit Committee, comprising of external specialists having the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes. The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises of independent Councillors.

### OVERVIEW OF CORPORATE GOVERNANCE

**uMhlabuyalingana Municipality Council** comprised of 34 Councillors. The Councillors are allocated to different portfolios where they serve to perform oversight over internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

**The Executive Committee** meets on monthly basis and considers reports from respective portfolio committees prior to these reports and items being presented to Council.

**Portfolio Committees (Representatives and Functionalities)** exercise political oversight over respective departments within the municipality. The committees hold monthly meetings where issues and reports are tabled, discussed and recommendations are made to EXCO and to Council for approval. The portfolio committees have been arranged as follows:

- Corporate Portfolio,
- Finance Portfolio,
- Planning, LED and Infrastructure Development Portfolio, and
- Community Portfolio

**The Municipal Public Accounts Committee (MPAC)** was established in terms of Section 79 of the Municipal Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. It convenes on a quarterly basis as prescribed to consider matters related to exercising oversight on financial and governance matters, as promulgated in Council-adopted terms of reference. This committee is functional but still needs to improve as its meetings do not sit as per approved municipal calendar

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity.

The primary functions of the Municipal Public Accounts Committee are as follows:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

**Table 33: MPAC Members by Gender and Affiliation**

Members of MPAC	Gender & Role	Affiliation
Cllr S.P. Mthethwa	Male (Chairperson)	ANC
Cllr B.C. Zikhali	Male (Committee member)	AIC
Cllr S.G. Nxumalo	Male (Committee member)	IFP
Cllr M.J. Mthembu	Male (Committee member)	IFP
Cllr N.C. Mdletshe	Male (Committee member)	ANC
Cllr K.O. Tembe	Male (Committee member)	ANC

**The Internal Audit:** Section 165 of the MFMA No. 56 of 2003 states that each municipality must have an internal audit unit. The internal audit unit must:

- (a) Prepare a risk-based audit plan and an internal audit program for each financial year,
- (b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:
  - Internal audit
  - Internal controls
  - Accounting procedures and practices
  - Risk and risk management
  - Performance management and
  - Loss control
  - Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
- (c) Perform such other duties as may be assigned to it by the accounting officer.

The municipality appointed Ntshidi & Associates as internal auditors during 2016/2017 financial years and the next three years. Each financial year a risk based internal audit plan is prepared and approved by the Audit Committee. The Internal Audit Unit reports to the Performance and Audit Committee on the implementation of the risk based internal audit plan and matters relating to, internal audit, internal controls, accounting procedures and practises, risk and risk management, performance management, loss control and compliance with the relevant legislations.

**Audit/Performance Committee:** Section 166 (1) of the MFMA No. 56 of 2003 requires each municipality and each municipal entity to have an audit committee. The Audit and Performance Committee was appointed to assist Council in executing its oversight role. The committee meets on quarterly basis and as and when required to deal with matters at hand. The Committee has a Chairperson for Audit Committee and a Chairperson for Performance Audit Committee which covers all regulated matters to be considered by the committee.

The primary objective of this committee is to advise the Municipal Council, the political office –bearers, the Accounting Officer and the management staff of the municipality on matters relating to:

- Internal financial control,
- The safeguarding of assets,
- The maintenance of an adequate control environment and systems of internal control,
- The successful implementation of the council’s risk management Strategy and effective operation of risk management processes,
- The preparation of accurate Annual Financial Statements in compliance with all legislative requirements and accounting policies and standards,
- Effective corporate governance,
- The effectiveness of the municipality’s performance management system in ensuring the achievements of objectives set as per the Municipality’s IDP,
- Any other issues referred to it by the municipality.

The detailed Internal Audit Charter which clearly defined the roles and responsibilities, composition of the committee as well as meetings has been adopted.

The Performance Audit Committee meets on a quarterly basis to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the performance achievements reported in terms of the Service Delivery and Budget Implementation Plans. The Audit Committee held six (6) ordinary meetings and three (3) special meetings during the 2020/2021 financial year as follows:

**Table 34: Audit and Performance Committee Meetings**

Meetings Held	Dates
Quarter 1	21 August and 11 September 2020
Quarter 2	09 October, 26 October and 26 November 2020
Quarter 3	11 March 2021
Quarter 4	15 April, 07 May and 29 June 2021

**Table 35: Members of the Audit and Performance Committee**

Member	Role
Mr L. Hlengwa	Chairperson of Audit Committee
Mr Z. Zulu	Chairperson of Performance Committee
Mr M. Simelane	Member
Mr S. Gertz	Member
Mr B. Mabika	Member

## 2.6 RISK MANAGEMENT

The municipality established a risk management unit and is fully capacitated with the appointment of the Risk and Compliance Manager through which strategic risk management documents have been developed to ensure a systematic process of risk management within the municipality.

Over and above that, the municipality has successfully appointed an independent and external chairperson of the Risk Management Committee. The committee meets on a quarterly basis. The committee is fully operational and comprises of the following members:

**Table 36: Members of the Risk Management Committee**

Member	Designation
Mr D.E. Mhlongo	Chairperson
Mrs N.P. Gamede	Municipal Manager
Ms N.V.F. Msane	Director: Corporate Services
Mr N.P.E. Myeni	Chief Financial Officer
Mr S.T. Shange	Director: Community Services
Mr M.N. Mthembu	Manager: IDP
Mr N.J. Mpontshane	Manager: PMS
Ms K. Bhengu	Manager: Internal Audit
Mrs T.P. Nhlenyama	Risk and Compliance Manager
Mr M. Ngubane	IT Manager

Risk Champions	All Departments
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## 2.7 ANTI CORRUPTION AND FRAUD

The municipality has a council approved an Anti-Corruption and Fraud Policy which is being implemented. The policy was presented to Councillors and municipal officials. The policy is also available on the municipal website.

## 2.8 SUPPLY CHAIN MANAGEMENT

uMhlabuyalingana Municipality has a central Supply Chain Management (SCM) unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements. The municipality has established fully functional Bid Committees that have a standing schedule of meetings. The bid committees and members are tabled as follows:

**Table 37: Bid Specification Committee**

Member	Designation
N.P. Mkhabela	Chairperson
S. Dlamini	Member
S. Ndlazi	Member
M. Mthembu	Member
T. Masinga	Member
D. Mthembu	Secretary

**Table 38: Bid Evaluation Committee**

Member	Designation
B. Mthembu	Chairperson
M. Ngubane	Member
S. Zikhali	Member
X. Khumalo	Member
P. Gumede	Member
D. Mthembu	Secretary



**Table 39: Bid Adjudication Committee**

Member	Role
N.P.E. Myeni	Chairperson
F.S. Msabala	Member
T.S. Mkhabela	Member
S.S. Shange	Member
N.V.F. Msane	Member
S.S. Mhlongo	Member
B.P. Mavundla	Secretary

## 2.9 BY-LAWS

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The by-laws serve before the various structures of the Council;
- The by-laws are advertised in the local media for objections or comments;
- The by-laws are open for inspection at all municipal offices and libraries; and
- The by-laws are forwarded to the local radio station for broadcasting.

Once adopted by Council, the by-laws are promulgated in the Provincial Gazette and take immediate effect.

The municipality drafted two LED related by-Laws which have been adopted by council. The said by-laws have been adopted and gazetted in the provincial gazette. After the Informal Economy Policy formulation, the informal traders' by-laws were produced. The main purpose is to utilize the subject by-laws for technical enforcement. It clearly outlines terms and conditions that each informal trader within the jurisdiction of uMhlabyalingana Municipality should adhere to. These by-laws comply completely with the Businesses Act 71 of 1991.

The council has consulted with interested and affected individuals regarding the contents of the draft by-law. The notice was printed and advertised in a public newspaper (Ilanga, dated 04-06 February 2016). Furthermore, the by-laws were gazetted in the Provincial Gazette (Gazette No. 1842) dated the 29<sup>th</sup> of June 2017.

Through the liquor and business licensing by-laws, the uMhlabuyalingana Municipality mandates every kind of formal business to occupy a business licence in terms of Section 6 of the Businesses Act 71 of 1991. The business licence is specifically required for businesses that need to comply with health and safety regulations. The businesses will need to meet the set criteria of requirements; especially zoning, health and safety. As such this by-law deals with any other matters governing both formal and liquor trading within the concerned areas, including but not limited to-

- Main implicated formal trading areas and ideal trading times;
- The manner in which socio-economic development of the liquor traders within the uMhlabuyalingana Municipality area will be facilitated;
- How neighbouring business, social and environmental structures around the trading area will be protected; and
- How the implicated businesses will be expected to operate within the municipal compliance plans.

**Table 40: By-Laws Approved**

No.	By-Law Name	Approved by Council	Date of Approval
1.	Disaster Management Bylaw	Yes	May 2018
2.	Nuisance Bylaw	Yes	Still to be approved
3.	Animal Pounds Bylaw	Yes	Still to be approved
4.	Property Rates Bylaw	Yes	Still to be approved
5.	Informal Trading Bylaw	Yes	December 2015
6.	Business Licensing Bylaw	Yes	December 2015

## 2.10 WEBSITE

The municipal website is in place and operational.

**Table 41: Municipal Website**

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes

All service delivery agreements (Year 0)	<b>Yes (Community/Technical Agreements)</b>
All long-term borrowing contracts (Year 0)	<b>N/A</b>
All supply chain management contracts above a prescribed value (give value) for Year 0	<b>Yes</b>
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	<b>Yes</b>
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	<b>N/A</b>
Public private partnership agreements referred to in section 120 made in Year 0	<b>N/A</b>
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	<b>Yes</b>
<p><b>*Note:</b> MFMA s75 sets out the information that a municipality must include in its website as detailed above.</p> <p>Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</p>	

The municipal website has been well-maintained and features municipal documentation required in terms of legislation, including public policies, by-laws, SCM documents, notices and press releases. The purpose is to inform uMhlabyalingana Municipality residents about the affairs, achievements and initiatives of the Municipality. The website is user-friendly, well received and has earned positive feedback from the community for the Municipality.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

**Table 42: Public Satisfaction Survey**

Satisfaction Surveys Undertaken during: Year – 1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
(a) Municipality	Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2019/2020	All municipal wards	Satisfaction

(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
Satisfaction with:				
(a) Refuse Collection	None	N/A	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Better
(d) Water Supply	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2019/2020	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				

# CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

### CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

Performance management is a process that measures the implementation of the organisation's strategic objectives. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level, performance management is institutionalised through the legislative requirements of the performance management process. Performance management provides the mechanism to measure whether targets are met in line with the strategic objectives as set by the organisation.

Section 152 of the Constitution of the Republic of South Africa, 1996, deals with the objectives of local government and paves the way for performance management. The idea of a government that is accountable is important to meet the needs of uMhlabuyalingana Municipality. The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of the following, among others to:

- Promote the effective, efficient and economic use of resources;
- Ensure accountable public administration;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability.

The Local Government: Municipal Systems Act (MSA) of 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned to the municipal budget. The monitoring of organisational performance of the budget must be done against the IDP on a quarterly basis via the Service Delivery and Budget Implementation Plan (SDBIP). The report is made public after the Council has been informed of the quarterly progress against set targets.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that *"A Municipality's Performance Management*

*System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."* Performance management is not only relevant to the organisation, but also to the individuals employed in the organisation, as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, the Budget and the SDBIP.

**Legal Requirements:** In terms of section 46(1)(a) of the Local Government: Municipal Systems Act, a municipality must prepare an Annual Performance Report (APR) for each financial year that reflects the municipality's and any service provider's performance during the financial year. The APR must furthermore indicate the development and service delivery priorities and the performance targets set by the municipality for the financial year and based on the results indicate what corrective measures were or are to be taken to improve performance. The 2020/21 APR is attached to this Annual Report as Volume V.

**Organisational Performance:** The strategic performance assessment indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is effective, efficient and economical. Municipalities must develop strategic plans and allocate resources for implementation. Implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to enable them to implement corrective measures timeously as and when required.

The APR highlights the strategic performance in terms of the municipality's scorecard, high-level performance in terms of the strategic objectives of the municipality and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act of 2000.

**Performance Management Policy:** The Municipality adopted the Individual Performance Management (IPM) Policy and is reviewed annually. The IPM Policy articulates the municipality's objectives to promote accountability and the overall strategy of the municipality. Therefore, the main principles of the IPM Policy are that it must be feasible in terms of the available resources to the municipality and that the IPM Policy must serve as an enabling mechanism for employees to achieve their performance objectives and targets.

Performance management has been introduced in the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA). The MSA is specific with regards to performance management. Each municipality must develop a performance management

system (PMS) to enhance service delivery inputs and to maximise outputs to the community. The MSA emphasises the amplified role of Council in performance management.

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the MSA, uMhlabuyalingana Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) to measure, monitor, review, evaluate and improve performance at organisational, departmental and lower levels.

**The IDP and Budget:** The IDP (inclusive of Vision 2035) details a comprehensive needs analysis and big moves, key initiatives, projects and programmes to address these challenges in partnership with other spheres of government, the private sector and civil society.

The Integrated Development Plan is reviewed annually to accommodate changes in the municipal environment, including community priorities. In turn, the revised IDP will inform changes to the budget, key performance indicators and targets of the municipality. The municipal IDP must be reviewed every year to ensure that:

- Municipalities and communities keep track of progress in implementing development projects and spending the municipal budget; and
- Communities are provided with an opportunity to review their needs and make possible changes to the priorities listed in the municipal IDP.

The IDP is the principal planning instrument that guides and informs the municipal budget. uMhlabuyalingana Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP.

The Five-Year Performance Framework reflects the connection between the strategic framework of the Municipality, as detailed in the previous chapter and IDP implementation through key performance indicators and targets to measure performance of the IDP for the five years.

These are annually revised in line with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 which compels a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41 to the extent that changing circumstances so demand.



A conducive performance management culture will ensure that the developmental objectives as construed in the IDP gets relevance in the performance agreements of senior managers and the implementation thereof.

**Service Delivery and Budget Implementation Plan (SDBIP):** The organisational performance is evaluated by means of a municipal scorecard. Performance objectives, as reflected in the municipal scorecard, are required to be practical, measurable and based on the key performance indicators.

The SDBIP is a tool that converts the IDP and budget into measurable criteria of how, where and when the strategies, objectives and normal business processes of the municipality are implemented. It also allocates responsibility to departments to deliver the services in terms of the IDP and the budget.

MFMA Circular No. 13 is a clarification of the Municipal Budget and Reporting Regulations, Schedule A1, General Notice 393 in Government Gazette 32141 and prescribes that:

- The IDP and Budget must be aligned;
- The Budget must address the strategic priorities;
- the SDBIP should indicate what the municipality is going to do during the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

The municipal scorecard was prepared as described in the paragraphs below and approved by the Mayor, Cllr NS Mthethwa on **30 August 2021** in terms of section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003. It was made public on the municipal website after approval by the mayor.

**The Municipal Scorecard** consolidates service delivery targets set by Council/executive management and provides an overall picture of the performance of the Municipality as a whole, reflecting performance in its strategic priorities for the 2020/21 financial year. The scorecard is the performance evaluation tool and is used during the informal and formal performance assessment of the Municipal Manager and Directors.

**Scorecard KPIs were prepared based on the following:**

- Key performance indicators (KPIs) for the programmes/activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP public participation process and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

***Amendment of the Scorecard***

The municipal scorecard was amended during the 2020/2021 financial year.

***Actual Performance***

The Municipality utilises an electronic excel spreadsheet on which KPI owners update actual performance on a monthly and quarterly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the set target;
- A performance comment; and
- Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated and provide it to the Internal Auditor and Auditor-General upon request during the quarterly and annual audit testing.

## Monitoring of the Scorecard

Municipal performance is measured as follows:

- Mid-year assessment and submission of the mid-year report to the Mayor in terms of Section 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year;
- Quarterly performance was subjected to an internal audit and the results of their findings were submitted to the Audit Committee; and
- Quarterly performance reports are submitted to Council for information.

**Individual Performance:** The Human Resources Management Division is responsible for the Individual Performance Management System that is rolled out to municipal staff. This is done to manage and improve efficiency by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance. The Human Resources Management Division role in individual performance management (IPM) is to ensure the integrated work planning, target setting, performance reporting and feedback.

The staff/employee performance agreement and performance plan is to be completed by all employees by end of June in preparation for the new financial year. Both the employee and the supervisor are expected to complete and agree to the KPIs and targets based on the individuals job description.

The exercise encourages the supervisor and employee engagement, coaching and mentoring, skills transfer and enhances communication between managers, supervisors and employees. Managers will be able to identify skills gaps of employees through this tool. Employee monitoring will take place on a quarterly basis.

**Directors and Managers Accountable to the Municipal Manager:** The Municipal Systems Act (MSA), 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with all section 57-employees and that performance agreements must be reviewed annually and published for public interest. This process and the format are further regulated by Regulation 805 (August 2006), MSA.

The performance agreements for the section 57 appointments for the 2020/2021 financial year were signed as prescribed. They include performance agreements for the:

- Municipal Manager;
- Chief Financial Officer;
- Director: Corporate Services;
- Director: Community Services; and
- Director: Technical Services.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance assessment for the Municipal Manager and Directors for the 2020/2021 financial year was conducted. The final evaluations of the Municipal Manager and Directors for the 2020/2021 financial year were also conducted.

**Other Municipal Officials:** The Municipality is in a process of introducing a phased employee efficiency monitoring tool as a means to ensure that all employees commit to what is expected from them in terms of performing their functions and also as a means to encourage continuous employee and supervisor engagement. The monitoring tool is intended for all employees who do not undergo formal performance evaluation.

Employee monitoring will be rolled out in phases to all employees and monitored by the Department Directors, Managers and Supervisors through the Human Resources Management Division. Each department will be required to conduct this exercise on a quarterly basis. The IDP and PMS Units are responsible for the organisational performance and two reporting levels of management, Municipal Manager and Directors.

#### COMPONENT A: BASIC SERVICES

One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the communities of uMhlabuyalingana

Municipality is electricity, waste management, roads and stormwater. Water and sanitation services are provided by the uMkhanyakude District Municipality. Other services are development and spatial planning, local economic development, environmental, housing, library, cemeteries, community, sports and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the data analysis used is an official data obtained from Stats SA, Census 2011 and 2016 Community Survey is the basis for the information below.

### 3.1 WATER PROVISION

uMhlabuyalingana Municipality is not a Water Service Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

**Water Uses by Sector:** Water is used by the following sectors:

- Residential/Domestic
- Agriculture
- Forestry
- Industrial and Business
- Unaccounted water

There is no data available that provide details (in terms of cubic meters) of water uses by each sector.

**Table 43: Distribution of Households in the Province and District by Source of Water**

	KZN	uMkhanyakude District Municipality	uMhlabuyalingana Municipality	Jozini Municipality	Mtubatuba Municipality	Big 5 Hlabisa Municipality
POPULATION	11 065 240	689 090	172 077	198 215	202 176	116 622
Piped (tap) water inside dwelling	1 076 667	10 458	628	2 230	4 820	2 780
Piped (tap) water inside yard	828 016	34 598	11 694	11 037	7 923	3 945
Piped water on communal stand	371 943	15 876	2 759	7 526	4 729	862
Borehole in yard	22 159	6 340	5 619	266	220	235
Rain-water tank in yard	28 880	7 069	1 571	1 482	2 501	1 515
Neighbours tap	51 864	8 575	4 392	1 349	2 296	539
Public/communal tap	128 860	6 164	1 118	1 197	3 529	321

### Water Service Delivery Levels

Watercarrier/tanker	86 012	13 672	1 999	4 359	3 242	4 072
Borehole outside yard	63 632	15 862	6 384	1 884	4 891	2 703
Flowing water/stream/river	182 727	29 351	2 779	1 2763	6 140	7 669
Well	4 617	391	0	123	157	111
Spring	18 431	813	100	26	412	276
Other	12 036	2 074	573	342	931	227

**Table 44: Main Source of Drinking Water**

Sources: Community Survey 2016

The table above illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water. However, the majority of households still rely on natural resources for their water supply. Only 8.76% of households within the uMhlabuyalingana municipality have access to piped water.

**Table 44: Distribution of Households by Access to Piped (Tap) Waters**

Municipality	Piped (tap) water inside dwelling/yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
uMhlabuyalingana Municipality	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472

Source: Stats SA, 1996, 2001 and 2011

**Water Service Delivery Levels Below the Minimum:** The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

**Table 45: Water Services Level Below the Minimum**

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
uMkhanyakude District Municipality	623 387	53.2%	54.1%	43.3%	30.0%
uMhlabuyalingana Municipality	155 140	52.7%	50.6%	60.2%	28.5%

Source: uMkhanyakude District Municipality, 2016

Historically the area has been characterised by many small stand-alone schemes utilising local water resources, supplying a basic level of service in rural areas, and a higher level of service in urban areas. The Shemula, Jozini, Hluhluwe, and Mtubatuba are the only areas currently served by large capacity water treatment works. The remainder of the DM is served by small conventional or package treatment works, or schemes with chlorination only. The number of schemes, and the accessibility to these, has resulted in management and maintenance challenges, with schemes regularly not functioning at an optimal level, in some cases falling into disrepair, and others simply not having power or diesel to operate the pumps. These challenges have led the municipality to investigate bulk supply scheme options to try and improve on the sustainability of supply and reduce the O&M challenges. The possible solution to the water supply infrastructure challenges in the future is the careful combination of local water resources (including groundwater) with bulk supply sources.

A basic calculation of the current WTW capacity (94.5ML per day) and the demand based on current level of service (59.7ML/day), shows there is sufficient treatment capacity at present. This capacity excludes all boreholes that are utilised without a WTW, which provide significant additional water across the DM every day. The demand, however, considers only 15% water loss (good practice), and the current perceived need for additional treatment capacity is most likely due to high water losses.

The previous lack of a water conservation water demand management strategy in the UKDM resulting in additional strain on the water resources, and the curtailment of losses should be viewed as a priority “water source” prior to the building of additional infrastructure capacity. As per the strategy of national government, expressed in the National Water Resource Management Strategy 2 (2014), the development of new water resource infrastructure will not be approved by the Department of Water and Sanitation, if WCWDM measures are not first implemented. Considering (1) the considerable problem with water losses; and (2) the large-scale plans for water resource infrastructure development, the need for WCWDM interventions needs to be prioritised.

**Water Demand Model:** In order to have the flexibility to determine water demands for different spatial groupings, such as scheme or supply footprints, a zero-base demand model based on Census demographics (with an applied growth rate to get current figures) and levels of service (at smallest grouping) was adopted for the demand modelling. Although the demand model is based on the official Census data and agreed unit demands, it is not a stochastic model, involving random demographic and unit demand sampling and probability behaviour.

It also does not allow for level of confidence or degree of accuracy calculations of the Census data, growth rates, nor of the unit demand values adopted. The low and high results represent the extremes of what the predicted water demands could be. These are calculated in the model by using the extremes of the range of each data item in determining the results. No statistical probability or reliability measure can be attributed to these figures, except to say that all actual results should fall somewhere within this predicted range.

**Table 46: Water Demand**

Row Labels	Sum of Cur AADD(Rest LOS) Ave	Sum of Future AADD LOS 2020 Ave	Sum of Future AADD LOS 2025 Ave	Sum of Future LOS AADD 2030 Ave	Sum of Future AADD LOS 2040 Ave	Sum of Future AADD LOS 2035 Ave	Sum of Future HHI 2045 Ave
Hlabisa	5 228	8 867	9 498	10 759	15 099	13 363	18 571
Jozini	8 702	15 932	16 989	19 105	28 135	24 523	35 360
Mtubatuba	12 300	19 803	21 927	26 176	36 890	32 605	45 462
The Big 5 False Bay	5 762	7 814	8 503	9 880	11 578	10 899	12 936
Umhlabuyalingana	9 761	15 396	16 679	19 246	25 966	23 278	31 342
<b>Grand Total</b>	<b>41 752</b>	<b>67 811</b>	<b>73 596</b>	<b>85 166</b>	<b>117 669</b>	<b>104 668</b>	<b>143 671</b>

Row Labels	Sum of CurLOSSPD Ave rage	Sum of Future SPF LOS 2020 Ave	Sum of Future SPF LOS 2025 Ave	Sum of 2030LOS SPDAve	Sum of Future SPF LOS 2035 Ave	Sum of Future SPF LOS 2040 Ave	Sum of 2045HHI SPD Ave
Hlabisa	7 690	12 503	13 445	15 331	19 206	23 082	26 958
Jozini	11 883	20 847	22 476	25 733	34 008	42 283	50 559
Mtubatuba	18 152	28 286	31 404	37 641	46 962	56 283	65 604
The Big 5 False Bay	8 845	11 699	12 743	14 831	16 118	17 405	18 692
Umhlabuyalingana	13 142	19 281	21 635	26 344	32 320	38 297	44 274
<b>Grand Total</b>	<b>59 712</b>	<b>92 616</b>	<b>101 704</b>	<b>119 879</b>	<b>148 615</b>	<b>177 351</b>	<b>206 086</b>

Source: Umkhanyakude District Municipality, 2016

**NB: The old municipal names still appear since the data was collected and processed before the demarcation**

The average annual average demand (AADD) for 2015 (current), at five (5) year intervals to 2045 at a local municipality grouping are shown in the first table below, the with Gross Summer Peak Demands in the second table above.

**Existing and Planned Infrastructure Capacity and Functional Evaluation:** Deciding what footprint base to use to determine the demand; discuss or review the existing infrastructure



or scheme capacities was found to be quite a challenge. Anomalies were found between the DWS Water Reconciliation Strategy footprints and the current distribution infrastructure. In addition, the level of detail in various infrastructure reports/GIS obtained from previous PSPs differed and subsequently was difficult to compare with one another.

The solution was to develop “Water Master Plan supply areas”, which are comprised of a larger supply area that simulate the seven (7) regional schemes aspired to by UKDM, bounded in instances by rivers, distance from source, topography; with smaller sub-schemes within those regional boundaries that are aligned with the existing infrastructure supply footprints and operational small schemes areas.

The six (6) water master plan supply areas are Shemula, Jozini, Hluhluwe, Mpukonyoni, Mtubatuba and Hlabisa. Water demands have been determined on sub-scheme level and the infrastructure evaluated at the same or sub-zone level. Sub-zones were defined for the specific purpose of reviewing bulk distribution main capacities, where the existing diameters were known and could be assessed.

The Shemula WMP Supply Area is divided into Shemula Eastern Sub-Supply Area and Shemula West and Central Sub-Supply Area. Shemula Eastern Sub-Supply Area is divided into four (4) Sub-Schemes:

- Mshudu
- Thengani (Kwangwanase)
- Manguzi
- Enkanyezini

The Combined demographics and water demand for Mshudu, Thengane, Manguzi and Enkanyezini are:

- Total backlog of 9076 stands (ito Census 2011) that need to receive access to RDP supply;
- Household growth of the combined eastern Shemula sub-schemes is from 11015 to 15069 households and a movement/migration of LOS as indicated achieving 25,8% YC supply by 2030;
- The capacity of the treatment works of 6,8Mℓ/day is sufficient for the current demand of 3,5Mℓ/day for 2015, or 4,52Mℓ/day with 50% losses; and
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 11 Ml/day.

The infrastructure capacity and upgrade requirements can be summarized as follows:

- The current WTW capacity is 6.8Mℓ/day. This is sufficient for the current demand of 3.5Mℓ/day. The demand will surpass the capacity by 2025 and will increase to 11Mℓ/day by 2035;

- The demand shortage can be addressed by utilising the Shemula Western and Central Water Sub-Supply Area source;
- The demand from Shemula Western and Central Sub-Supply Area water source can be either 4Mℓ/day where the current Shemula Eastern region water sources are retained or 11Mℓ/day where the Shemula Eastern region water sources are discontinued; and
- This will require an assessment of the bulk distribution from the Shemula Western and Central Sub-Supply Area.

The Shemula West and Central Sub-Supply Area is divided into six (6) Sub-Schemes:

- Manyiseni
- Ingwavuma
- Ndumo
- Embonisweni
- Phelandaba North
- Phelandaba South

The combined demographics and water demand for Manyiseni, Ndumo, Ingwavuma, Embonisweni, Phelandaba North and South are:

- Total of 14325 stands (ito Census 2011) that need to receive access to RDP supply;
- Household growth of the sub-schemes combined is from 27057 to 31882 households and a movement/migration of LOS as indicated achieving 42% YC supply by 2030; and
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 29 Ml/day.

The infrastructure capacity and upgrade requirements for Western and Central Shemula (Ingwavuma to Phelandaba) is summarized as follows:

- The current demand for the supply area is 11Mℓ/day;
- The water treatment works has currently been upgraded and has a combined capacity to produce 27.5Mℓ/day and will therefore address the current demand shortfall;
- There is a shortfall of 1Mℓ/day for the projected 2035 demand; and
- The water treatment works will also supply the demand from Shemula Eastern Region. This will increase the demand of 28Mℓ/day to 32.7Mℓ/day if the Eastern Region current supply sources are retained or 39.5Mℓ if the sources are discontinued.

**Table 47: Distribution of Households by Access to Safe Drinking Water**

Municipalities	Households by Access to Safe Drinking Water		No Access to Safe Drinking Water		Total
	No.	%	No.	%	
uMkhanyakude District Municipality	81 221	55,5	66 137	44,5	146 357
<b>uMhlabuyalingana Municipality</b>	<b>23 361</b>	<b>60,7</b>	<b>15 113</b>	<b>39,3</b>	<b>38 464</b>
Jozini Municipality	21 065	49,2	21 758	50,8	42 823
Mtubatuba Municipality	21 570	52,4	19 587	47,6	41 158
Big 5 Hlabisa Municipality	15 234	63,7	8 679	36,3	23 913

Source: Stats SA, 2011

### 3.2 WASTE WATER (SANITATION) PROVISION

uMhlabuyalingana Municipality is not the Water Service Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

There are very few households with access to flush or chemical toilets. There has been a considerable decrease in the amount of people that did not have access to any form of sanitation facilities from 2001 – 2011. The community Survey (2016) has shown that the majority of households now use pit latrine facilities.

**Table 48: Distribution of Households by Type of Toilet Facility**

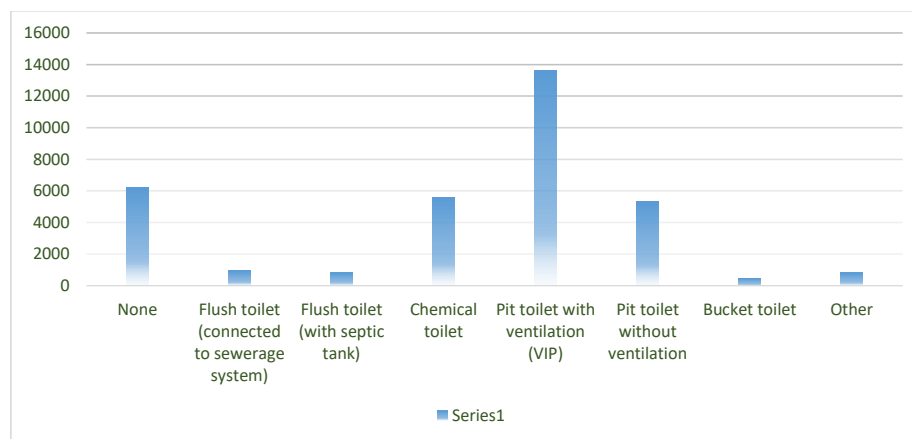
Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Pit Latrine			None		Ecological Toilet
	2001	2011	2016	2001	2011	2016	2001	2011	2016	2001	2011	2016
uMkhanyakude District Municipality	18 050	37 624	45 813	24 474	58 061	82 572	1 385	1 594	1 449	57 654	23 614	1 054
<b>uMhlabuyalingana Municipality</b>	<b>3 159</b>	<b>7 400</b>	<b>5 872</b>	<b>4 615</b>	<b>18 933</b>	<b>27 314</b>	<b>218</b>	<b>476</b>	<b>10</b>	<b>18 333</b>	<b>6 226</b>	<b>21</b>

Source: Census (2001, 2011), Community Survey (2016)

The municipality has been stagnant in providing flush toilets to its households while other municipalities within uMkhanyakude District have continued to provide flush or chemical

toilets. Households who are still using Pit Latrines in 2001 were 4615 while in 2011 the number had increased to 18 933 and 27 314 in 21016. The district municipality has sanitation plans to decrease the backlog which are outlined in the Projects Section of this document. Ecological Toilets refer to urine diversion or “enviroloo”. The provision of sanitation facilities has improved in the municipality since 2011. Provision of sanitation facilities within uMhlabuyalingana municipal area should be prioritised by the service authority in order to reduce the backlog.

**Graph 13: Distribution of Households by Type of Toilet Facility**



**Chart 13: Distribution of Households by Type of Toilet Facility**

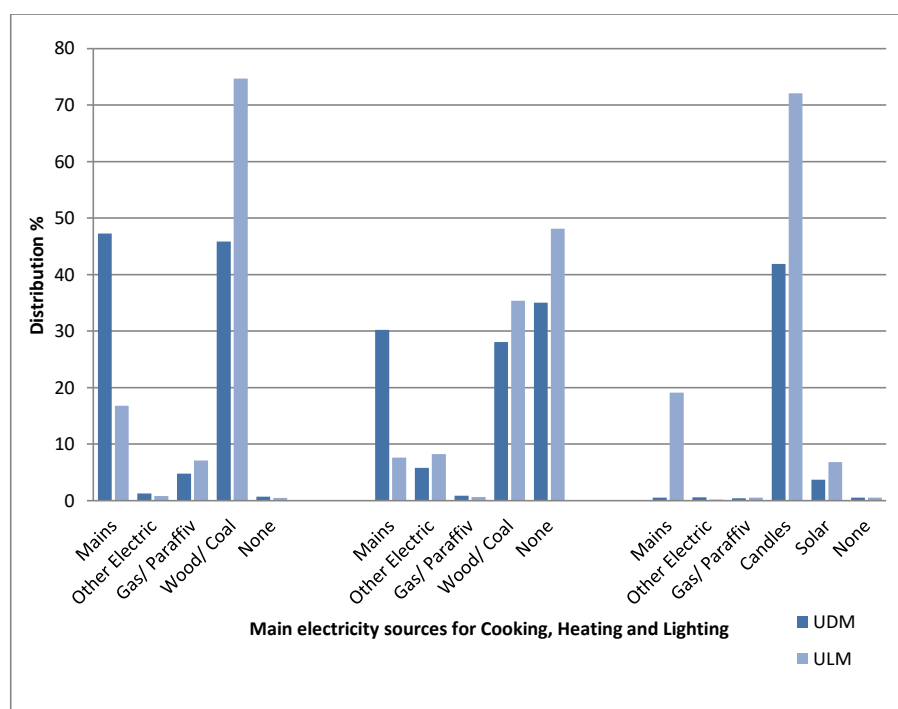


### 3.3 ELECTRICITY

The municipality has a three-year Electrification/Energy Sector Plan in place, adopted by Council and is being implemented. Electricity is a function of ESKOM and not uMhlabuyalingana Municipality. There is a lack of capacity of existing infrastructure in terms of bulk and reticulated electricity. However, this is a national issue and ESKOM is putting infrastructure in place to boost capacity and there has been progress in extending basic services through the infrastructure programme with approximately 200 000 households being connected to the national electricity grid in 2012.

## Main Source of Electricity and Uses

Chart 14: Distribution of Households using Electricity for Lighting, Heating and Cooking



Source: Statistics South Africa Community Survey (2016)

The main source of energy within uMhlabuyalingana Municipality is wood and coal for both lighting and cooking. These statistics are similar for the district municipality.

**Electricity Service Delivery Levels:** The municipality has a three-year Electrification/Energy Sector Plan in place, adopted by Council and is being implemented. There is no Operations and Maintenance Plan for electrification. When electrification projects are completed, it is then handed over to Eskom.

**Electricity Challenges:** A large percentage of households rely on candles and wood/ coal resources for electricity for cooking, heating and lighting. The electrification projects that were implemented by the municipality during 2020/2021 financial year are shown in the table below.

**Electricity Department Employee Statistics:** Table 49 below indicates employee totals, turnover and vacancies and does not show that there are employees and vacancies for the Electricity Services Section.

**Table 49: Employees - Electricity Services**

Employees: Electricity Services					
Serial No.	Job Level	2019/2020	2020/2021		
		No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
The service is being performed within Technical Services Department but there are no employees dedicated for this function.					

### 3.4 WASTE MANAGEMENT

uMhlabuyalingana Municipality is responsible for waste collection services. Sustainable waste management practises are more than often faced with challenges and need to be reviewed on a continuous basis to address these challenges and mitigate any risks. Waste minimisation and diversion initiatives are key to decrease the amount of waste being disposed at the waste disposal facilities. The main objective of this section is to manage the waste generated in the municipal area, in compliance to the license conditions of its facilities and the National Norms and Standards.

Public open spaces in high density areas are more than often used as illegal dumping sites although basic refuse collection services are delivered in these areas. A lack of environmental, sanitation and waste awareness often influence the way communities manage their waste.

In terms of the National Environmental Management: Waste Act 59 of 2008, uMhlabuyalingana is doing its best to collect solid waste from 51 businesses and 31 households on a weekly basis. These businesses and households are situated in and around the three towns of uMhlabuyalingana Municipality namely Manguzi, Mbazwana and Skhemelele. Some waste management projects that were implemented during the financial year are as follows:

- Review of waste management policies, plans, bylaws and tariffs;

- Signing of waste removal agreements for businesses and business waste removal on an annual basis; and
- Campaigns on Collection and Removal of Waste.

The area of uMhlabuyalingana Municipality is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m<sup>2</sup> waste skips and 240 litre waste bins have been placed. In so far as the waste transport infrastructure is concerned, the municipality has two waste trucks and one tractor with a trailer which are used for the collection of refuse in the three towns. The collection of refuse is now carried out daily during working days.

### Solid Waste Service Delivery Levels

**Table 50: Distribution of Waste Removal**

Municipality	Removed by Local Authority/Private company			Communal/Own Refuse Dump			No Rubbish Disposal		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
uMkhanyakude District Municipality	7 397	13 443	7 443	65 579	96 089	125 859	28 587	15 989	13 184
<b>uMhlabuyalingana Municipality</b>			257			34 112			4 240

Source: Statistics South Africa, 2001, 2011 & 2016

The majority of the population undertake their own refuse removal as indicated in the table; in 2011 this amounted to 85%. In 2016, this amounted to 84%, indicating no significant municipal intervention having taken place.

The Minimum Requirements for Waste Disposal by Landfill, second edition published by the Department of Water and Environmental Affairs in 1998, allows for different classes of landfill sites based on size, type and potential threat to the environment. Currently, uMhlabuyalingana Municipality has 3 landfill sites namely: Thandizwe, Mbazwana and Skhemelele. Thandizwe and Mbazwana sites are registered, licenced and engineered. Skhemelele is registered and licensed as a transfer station. All these sites are being audited and were last audited in 2017/18 financial year.

The municipality is planning to establish re-cycling projects within the landfill sites which will also create job opportunities for local people and increase revenue for the municipality. The municipality has registered Skhemelele (Mtikini) as a recycling center and buy-back center.



The municipality has a council-approved Integrated Waste Management Plan in place. The IWMP was approved in 2014 (was reviewed on and adopted on the 30 May 2018) and is being implemented in accordance with the Record of Decision.

**Waste Management Employee Statistics:** Table 55 below indicates the total number of 110 posts for the section. During 2020/2021 financial year, there were 100 employees who worked for the Waste Management Services Section.

The municipality employed 110 general workers who are doing refuse collection in the three towns. It also has 108 EPWP workers who are working at the three dump sites. The municipality has two fully licenced dump sites /landfill sites. Skhemelele dumpsite was licenced so that it is closed or decommissioned but with an intention to turn it into a Waste Transfer Station. The Municipality, in terms of Waste Act 59 of 2008, has developed the Integrated Waste Management Plan and was adopted and approved by Council. Presently the municipality is in the process of the implementation of the IWMP.

**Table 51: Employees – Waste Management Services**

Employees: Waste Management Services						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.	3 supervisors	3	3	3	0	N/A
	118 general workers	95 on contract and 7 permanent at Skhemelele	110	100	0	N/A
		6 (permanent at Mbazwana)				
		6 (permanent at Manguzi)				
		4 permanent at Main Offices				

### 3.5 HOUSING

uMhlabuyalingana Municipality is a developer for human settlements. The municipality coordinates its human settlement needs and activities with the Department of Human Settlements. The municipality has internal capacity to deal with human settlements and this

task is managed by the Planning Manager. A council-approved Housing Sector Plan is in place and is being implemented.

The municipality has evenly scattered spatial patterns and there are no proclaimed townships in uMhlabuyalingana Municipality. Most community members are dependent on subsistence agriculture or income from migrant workers.

**Housing Service Delivery Levels:** The spatial pattern of the area has developed as a result of various factors including its settlement pattern, natural features and infrastructure. uMhlabuyalingana is generally rural in character. It is characterized by expansive low-density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes. This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (Vara, Wendy Force and Associates, etc.).

The Municipality has no challenges with informal settlements. By natural default the area of uMhlabuyalingana determined itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area. However, the municipality does not consider these to be “informal settlements” for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

In the context of uMhlabuyalingana Municipality it will be factually incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

The uMhlabuyalingana Municipality constitutes 26.1% of formal dwellings in the uMkhanyakude district. According to the Community Survey, approximately 30% of housing is informal, traditional or other types.

### Household with Access to Basic Housing

**Table 52: Main Dwelling Type**

Dwelling Type	uMkhanyakude District Municipality	uMhlabuyalingana Municipality
Formal	106 090	27 731
Informal	5 028	968
Traditional	38 306	10 896
Other	1 812	10

Source: Statistics South Africa, 2016

There is currently one housing project in the rural area that is under construction i.e. Mabaso. There are however plans for additional projects in the traditional authority areas. Refer to the housing chapter.

**Housing Services Employee Statistics:** Table 53 below indicates the total number of posts for the Housing Services Section is 3. All the three positions were filled and there are no vacancies identified.

**Table 53: Employees – Housing Services**

Employees: Housing Services						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		3	3	3	0	N/A

### Population Growth Trends and Challenges

The municipality has an area of 3 621km<sup>2</sup> and a population of 172 077 people, with an average household size of 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias in that they host certain ethnic groups, which is a huge segregation era threat.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register has been developed as a result and is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

During 2020/2021 financial year, the number of registered indigents on the indigent register was 520 people. The register is still under construction or is being updated and the numbers will change and be more accurate. In 2020/2021 financial year the budget allocation for Free Basic Services is R576 580.

The category of indigent support provided by the municipality is Free Basic Electricity. The municipality is not providing any other service except Property Rates and Refuse collection whereby the category of households or residential is not billed for Property rates and not yet billed for Refuse collection.

**Table 54: Indigent Support Per Year**

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Amount (R)	1 700 000	512 430	520 000	547 040	547 040	576 580	607 715

During 2020/2021 financial year, the municipality had a Poverty Alleviation Fund that assisted learners who are needy to be able to register in tertiary institutions. As a result, hundreds of young people from uMhlabuyalingana have had access to tertiary education and many have graduated through this initiative. The Ward Councillors played a big role in the identification of learners in their communities.

## COMPONENT B: ROAD TRANSPORT

The uMhlabuyalingana Municipality Technical Services Department is responsible for the provision of local access roads and stormwater services (including all pipelines, manholes, bridges for rivers and streams) and its activities. Within the budgetary constraints, the stormwater network must be kept free of obstructions to mitigate against possible flooding. Its focus is on the development and maintenance of infrastructure for the conveyance of people and goods in all its forms.

### 3.7 ROADS

uMhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor in condition and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4X2 vehicle.

The municipality largely depends on grants for the implementation of capital projects and due to financial constraints, this municipality has a huge backlog demand on its local roads. The municipality was able to construct a number of gravel roads that are believed to create economic benefit for the people of uMhlabuyalingana. These include the projects presented in the below:

**Table 55: Gravel Roads Infrastructure Over a 3-Year Period**

Year Constructed	Re-Gravelling and Blading of Access Roads	Budget
2018/2019	Othungwini Access Road (Ward 3)	1 000 000
	Mqobela Access Road	5 000 000
RE-Gravelling and Blading	Posini causeway	2 000 000
	IYK Road	5 000 000
	Moses Zikhali Access Road	3 700 000
	Library to Post Office Blacktop	4 000 000
	Mbazwana to kwaMbila Blacktop	5 000 000
2019/2020	Esiphahleni Access Road	4 248 433
	Mashabane Tribal Access Road	5 000 000
RE-Gravelling and Blading	IYK Tarred Road	2 300 000
	Manzengwenya Access Road	5 000 000
	Ekuthukuzeni Access Road	5 000 000

<b>2020/2021</b>  <b>RE-Gravelling and Blading</b>	Ward 5 Access Road	5 000 000
	Madudula Access Road	5 000 000
	Tribal to Manguzi Access Road	5 000 000
	Kwa Shodi Access Road	5 000 000
	Nondwayiza Access Road	5 000 000

**Roads Services Employee Statistics:** Table 56 below indicates the total number of 9 (nine) posts for the Roads Services Section. During 2020/2021 financial year, there were 9 employees, employed in the Roads Services Section and that there are no vacancies.

**Table 56: Employees – Roads Services**

<b>Employees: Roads Services</b>						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		9	9	9	0	0%

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The main means of transportation within the jurisdiction of uMhlabuyalingana Municipality is public transport for long and short distance travel such as buses and minibus taxis for local commuting. Private transport is also used. The municipality does not provide transport services. Instead, the bus and minibus transport services are privately owned. The municipality's function in as far as the public transport is concerned is to provide public transport infrastructure such as bus and taxi ranks, shelters, etc.

**Existing and Future Transport Infrastructure:** At a regional level, uMhlabuyalingana has a well-established road connectivity comprising national and provincial roads which link different areas within the municipality. The routes that currently play this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns which include Mbazwana, Manguzi, Somkhele and Phelandaba. R22 in particular link the area with Hluhluwe town, N2 and a number of towns towards the south of uMhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improved accessibility and connectivity at a regional scale and serves as an opportunity for corridor-based development.

However, the same cannot be said about the three other significant connector routes. P522 links the area to the town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretches for many kilometres. It appears as if more focus has been placed on temporally patching the potholes without addressing the root cause of the road situation i.e. to re-tar and reseal the entire route since it has exceeded its lifespan. P447 and P444 are the provincial routes that link different settlements (especially Mashabane) with the town of Mbazwana. These are currently gravel 'sandy' roads which need serious attention. Light vehicles are unable to use these routes during heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment of municipal road network report completed in 2007, the uMhlabuyalingana Municipality has a total of 346 km of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8% of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the uMhlabuyalingana Municipality has 152 km of paved roads, 169km gravel roads and 26km of tracks. With the exception of the road from Mbazwana to Manguzi, the road network is poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads exist as tracks.

#### **Poor Conditions of Roads:**

- Inadequate pedestrian signs and markings and off-loading areas especially within the few urban areas;
- An absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention should include improving pedestrian signs, markings and off-loading areas especially in the urban areas. The traffic-calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights, especially at major intersections, should be provided.

**Poor Road Linkages:** An efficient and effective road network enables people and goods to traverse to and from all areas within the municipal area. It opens up development opportunities which could lead to economic growth and associated job creation.

Poor critical road linkages, which includes the non-existence of critical linkages and existing roads that are in poor to inaccessible condition, have been identified within the uMhlabuyalingana Municipality.

There is a poorly maintained existing gravel road between Madonela and Sikhemelele. Significant denser settlement occurs all along this road, which runs in close proximity and parallel to the Pongola River and its rich flood plains. Intensive agriculture, mainly subsistence, occurs along the river and the road. In heavy rains, this road is nearly impassable. What is also important to note is that this settlement corridor joins up with the P522 provincial main road between Ingwavuma and Manguzi. At this juncture, the urban characterized settlement of Sikhemelele has developed over time. Sikhemelele settlement, as well as the Mboza to Sikhemelele Corridor, is the most densely settled area within the uMhlabuyalingana Municipality.

The existing road linkages between Madonela and Tshongwe are poor and do not support a direct primary route from Tshongwe through the agricultural development corridor leading to Sikhemelele. This is considered to be a very important link, since it will provide an alternative south-north route, from Hluhluwe, within the uMhlabuyalingana Municipality. This route is deemed more economical for the conveyance of fresh produce and value-added products from the identified agricultural corridor to the major markets of Richards Bay and Durban

The east-west road linkages are primarily located in the north (P522 Main Road linking Ingwavuma with Manguzi) and in the south (P444 and P447 linking Mbazwana with Mkhuze) of the uMhlabuyalingana municipal Area. The east-west road linkages in the central western part of the municipal area exist only as a local road (essentially a track). In order to contribute towards a road network that is both effective and efficient, particularly in light of the recommended upgrade of the Madonela – Sikhemelele road, it is recommended that the road between Hlazane to Manaba to Mseleni be upgraded, functioning as an additional east-west centrally located link.

In order to expose the unique environment along the Municipality's east coast, which is administered by Isimangaliso Trust, to a broader audience which will result in further tourism –related development, the road from Mbazwana, past Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi needs be upgraded and made freely accessible to the public.

The upgrade of the road from the State Forest Road north of Jikijela Node inland to Manzengwenya will provide an improved west-east link to the coastal areas.



#### **Well-Developed Road Network and Improving Accessibility:**

- Upgrade the existing gravel road between Madonela and Sikhemelele to a blacktop road;
- Develop a blacktop road between Tshongwe and Madonela;
- Upgrade the road between Hlazane and Manaba;
- Upgrade the road between Manaba and Mseleni;
- Upgrade of the road from Mbazwana, past Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi; and
- Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya.

**Rail:** uMhlabuyalingana Municipality does not have an established public and goods rail transport system. The railway line runs parallel N2 within uMkhanyakude district. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but is passes outside of uMhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

**Air Transport:** uMhlabuyalingana does not have an established and operational air transport system. The small landing strip (airstrip) exists within both Mbazwana and Sodwana Bay. However, the condition of these facilities is currently unknown.

**Transportation Analysis:** According to uMkhanyakude District Municipality IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes in uMhlabuyalingana. The “bakkies” which are considered to be illegal passenger transport vehicles still provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to move onto due to the poor quality of the roads. There are no bus terminal facilities that are provided within the area. The table below gives an indication of accessibility of public transport within the municipality.

## Municipal Bus Service Data

Table 57: Public Transport Within the Municipality

Main Route	Main Route Description	No. of Passengers per Peak	No. of Active Seats Used	No. of Trips	Passenger Occupancy per Vehicle
KZN-R0032F-U	Jozini to Skhemelele	224	100.00	15	14.9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95.96	38	15.0
KZN-R0061F-U	Mbazwane to Mseleni	285	100.00	19	15.0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100.75	20	13.4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116.47	17	11.6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. Transport, whether motorized or non-motorized, faces many challenges within the municipal area.

**Transport Services Employee Statistics:** Table 58 below indicates the total number of 12 (twelve) posts for the Transport Services Section. During 2020/2021 financial year, there were 12 employees who worked for the Transport Services Section.

Table 58: Employees – Transport Services

Employees: Transport Services: Electricity Services						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		12	12	12	0	0%

### 3.9 WASTEWATER (STORMWATER DRAINAGE)

uMhlabuyalingana Municipality is not the Water Services Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

The first Water Services Development Plan (WSDP) for uMkhanyakude District Municipality was developed in 2003. The WSDP was reviewed and updated in 2009 and ever since then there has not been another review of the WSDP. Considering that the lifespan of a WSDP is 5 years, the district municipality does not have a current WSDP in place. The development and review of the WSDP has been identified as one of the critical issues to be attended to by the district municipality. Once the district has prepared and adopted the WSDP, it will then be extracted and added to the uMhlabuyalingana IDP.

Although the district does not have a current and applicable WSDP in place, it has however planned and budgeted for water infrastructure and other related projects for implementation during 2020/2021 financial year. The district water related projects with committed funding are reflected below:

**Table 59: uMkhanyakude Water Projects**

Project Name	AMOUNT
Implement Municipal Infrastructure Grant (MIG) for Manguzi Star of the Sea Water Scheme - Phase 1	R 15 000 000,00
Implement Municipal Infrastructure Grant (MIG) for Shemula Community Water Supply Scheme - Phase 2B	R 20 000 000,00
Implement Municipal Infrastructure Grant (MIG) for KwaZibi Water Project	R 5 000 000,00
Implement Water Services Infrastructure Grant (WSIG) for Refurbishment and Upgrade of Rudimentary Water and Sanitation within uMhlabuyalingana LM as part of a Tanker Reduction Strategy	R 17 375 680,37
Implement Water Services Infrastructure Grant (WSIG) for Mseleni Water Supply Phase 1	R 13 600 000,00

Source: Umkhanyakude District Municipality, 2019

The municipality has been operating without any Operations and Maintenance Plan and this has led to huge maintenance backlogs due to years of deferred maintenance and neglect. The bulk of the infrastructure is in state of disrepair leading to communities with infrastructure but without access to water services. The O & M Plan was developed as part of the water services AMP by CoGTA and was adopted together with the AMP towards the end of the 2016/2017 financial year. It is important to note that the municipality will strive to make financial provisions to fund the O & M Plan though it will need considerable funding from external sources due to competing demands with first-time access communities. The municipality has the highest backlog figures in terms of first-time access to water services and as such there is a lot of work that still needs to be done to strike a balance between the two.

**Stormwater Infrastructure:** The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

**Table 60: Water Services Level**

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
uMkhanyakude District Municipality	623 387	53.2%	54.1%	43.3%	30.0%
uMhlabuyalingana Municipality	155 140	52.7%	50.6%	60.2%	28.5%

Source: Umkhanyakude District Municipality, 2016

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

The Planning Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Heritage, Geographical Information Systems (GIS), Environmental Management, Rural Development and Economic Growth and Tourism. The department is responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment. The department facilitates the physical, social and economic development and growth.

#### **The Status of Spatial Development Framework (SDF) and Land Use Management System:**

The purpose of spatial planning is to provide a framework for the spatial vision and form of uMhlabuyalingana Municipality. The Spatial Development Framework (SDF) provides guidelines for future development and growth of the Municipal Area in a predictable manner to enhance the quality of life of its residents. The unit is also responsible for:

- Compiling, amending and/or reviewing a Spatial Development Framework;
- Preparing Spatial Development Framework;
- Developing policies and strategies guiding the long-term development of the municipality;

- Commenting on land use applications and environmental processes; and
- Commenting on other local, provincial and national spatial policies, legislation and documents.

The unit is also responsible for the protection of heritage, to identify, protect and manage the heritage resources and cultural landscapes of uMhlabuyalingana Municipality as well as commenting on land use planning applications and building plan applications.

Municipal-wide Spatial Development Framework (SDF) and a LUMS for Mbazwana and Manguzi have currently been adopted by Council. Enforcement of both these land use management tools is to be undertaken and a municipal-wide scheme to be planned for in order to meet the requirements of the KZN Planning and Development Act. The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

**The Implementation of SPLUMA in uMhlabuyalingana:** The municipality has not established a Municipal Planning Tribunal (MPT/JMPT). A Joint MPT has been adopted by uMhlabuyalingana Municipality Council however it has not yet been established at district level. The MPT/JMPT is therefore not functional. uMhlabuyalingana Municipality has complied with SPLUMA Regulation 14 and a Municipal Planning Authorised Officer has been appointed during the 2020/2021 financial year.

uMhlabuyalingana Municipality has not yet resolved on the Appeal Authority and this will be done during the review of delegations process. The municipality has amended the delegations for KZNPD to SPLUMA by-laws and the applications have been categorized. The SPLUMA by-laws have been adopted and gazetted.

**Table 61: Building Regulation and Enforcement**

Building Regulation and Enforcement			
Detail	2018/2019	2019/2020	2020/2021
Building Plans Received	0	0	16
Building Plans Approved	0	0	7
Building Plans Not Approved	0	0	0
Notices/Enforcement	0	0	0
Applications outstanding at year end	0	0	9

**Table 62: Service Delivery Priorities and Impact**

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development Framework (SDF)	Review and table Spatial Development framework (SDF) to Council for approval by 30 June 2021	Spatial Development framework (SDF) was reviewed and tabled to council for approval on 30 June 2021
To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	4 Comprehensive Planning Reports tabled to council by 30 June 2021	2 Comprehensive Planning Reports tabled to council by 30 June 2021

**Employees for Planning Services:** Table 63 below indicates the total number of 3 (three) posts for the Planning Services Unit. During 2020/2021 financial year, there were 3 employees, employed in the Planning Services Section and that there is 1 post that need to be filled.

**Table 63: Employees – Planning Services**

Employees: Planning Services Electricity Services						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.						
	Planning	3	3	3	1	1%
	Planning (Strategic & Regulatory)	2	2	2	0	0%

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM & MARKET PLACES)

The purpose of the Local Economic Development Services Unit is to provide an enabling and conducive environment to grow the economy in order to create sustainable jobs and eradicate poverty. The existence of the LED Unit is to build-up the economic capacity of the local area to improve its economic future and the quality of life for all. The LED Unit creates processes by which public, business, and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

The unit comprises of LED and Tourism and focuses on developing enabling policies and strategies, which inform the implementation of key initiatives, projects and programmes to grow the economy in the uMhlabuyalingana municipal area. The adoption of the LED Strategy is aligned with the vision of the National Development Plan and KZN Provincial Growth and Development Strategy. The LED Strategy's aim is to achieve competitive advantages and innovations that provide economic opportunities for all its residents by 2035. The essence of this strategy is to map uMhlabuyalingana's journey of inclusive economic growth and offer a diversified and resilient economy, promoting spatial connectivity, and supportive economic and environmentally sustainable social eco-systems.

Local Economic Development (LED) is one of the key tasks that uMhlabuyalingana Municipality engages in through a variety of packages. It remains factual that the success of this initiative is mostly contingent on the alliance level obtained from different stakeholders.

The short-term goal of the municipality is to provide financial, skills and capacity assistance to local businesses to help them achieve stability, and a long-term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

#### **Drivers of the Economy in uMkhayakude District Municipality**

##### **3.11.1 Economic overview**

According to the profile of uMkhanyakude District Municipality (UKDM), the economy experienced significant growth in excess of 9% per annum, especially in the period from the year 2000 onwards. The key economic structure and trends in the district can be summarised as follows:

- a) The two main sectors of economic activities are agriculture and tourism.
- b) Mtubatuba and Jozini Local Municipalities account for approximately R1.9 and R1.7 billion of GVA in 2011 respectively, as they are two dominant local economies within the district;
- c) Dominant economic sectors in UKDM as measured by GVA are the retail, catering and accommodation sector accounting for R1.45 billion in 2011, the

manufacturing sector (R1.37 billion) and the general government services sector (R1.34 billion). The manufacturing sector increased its contribution to total GVA from 10.3% to 19.1%, and the retail, catering and accommodation sector also increased its contribution from 13.5% to 20.3%;

- d) Agricultural sector showed some significant growth of approximately 5.5% per annum over the period 1995 to 2011. However, there was a decline thereafter, 9 000 over the period from 2000 to 2005 but thereafter decreased significantly to a total estimated figure of 4 983 by 2010;
- e) There are undeveloped mineral resources that can contribute to future economic growth;
- f) There are identified economic opportunities to tourism and agriculture to the uMkhanyakude economy, with current projects and implementation plans already in place.
- g) UKDM is South Africa's nearest access point into Mozambique and is also close to Swaziland. This provides opportunity for tourism and other economic activity both directly and from spillovers/spinoffs;
- h) The number of formal employment opportunities in the agricultural sector remained relatively stable.

The table below gives a summary of gross value add (GVA) for uMkhanyakude District Municipality:

**Table 64: Gross Value Added (GVA) for uMkhanyakude District Municipality**

GVA	Sector's Share of Regional Total	
	2008	2018
Agriculture, Forestry and Fishing	17.8%	12.7%
Mining and Quarrying	1.9%	1.4%
Manufacturing	7.9%	8.0%
Electricity	2.9%	6.0%



Construction	4.4%	3.9%
Trade	14.8%	13.2%
Transport	8.6%	8.4%
Finance, Property, etc	15.0%	15.8%
Govt, Community and Social Services	26.8%	30.6%

Source: KZN Department of Economic Development, Tourism and Environmental Affairs

**Table 65: Jobs Created by LED Initiatives**

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To create job opportunities through Expanded Public Works Programme-EPWP	Creation of job opportunities	Create/maintain 100 job opportunities through EPWP by 30 June 2021	102 job opportunities created/maintained through EPWP by 30 June 2021
To create job opportunities through Community Works Programme-CWP	Creation of job opportunities	Create/maintain 100 job opportunities through CWP by 30 June 2021	1 691 job opportunities created/maintained through CWP by 30 June 2021
To create an environment conducive for investment and economic growth	Review LED Strategy	Review and table LED Strategy to Council for approval by 30 June 2021	LED Strategy was not reviewed

**Employees for LED Services Unit:** Table 66 below indicates a total number of 2 (two) post for the Local Economic Development (LED) Services Unit. During 2020/2019 financial year, there were 2 employees who worked for the LED Services Unit.

**Table 66: Employees – LED Services**

Employees: LED Services Unit Electricity Services						
Serial No.	Job Level	2019/2020	2020/2021			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		2	2	2	2	0%

**Capital Expenditure for LED Services Unit:** The overall performance of the municipal Local Economic Development Unit has reflected an acceptable level of the municipal competency. This is informed by the growth in number of job opportunities created each year and implementation of responsive programmes towards economic development. Progressively, the municipality is working on a sustainable monitoring plan for each implemented programme or project that is within its powers. Furthermore, the council is establishing other new economically responsive platforms to engage on in order to advance its competency level.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.12 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES AND OTHER COMMUNITY FACILITIES

This component includes libraries and archives, museums arts and galleries, community halls, cemeteries and crematoria, childcare, aged care and theatres.

uMhlabuyalingana Municipality has 1 main library and a satellite library.

The following projects were pursued by the Libraries Unit:

**Table 67: Libraries Projects**

Service Objectives	Service Targets	2018/2019		2019/2020		2020/2021	
		Target	Actual	Target	Actual	Target	Actual
To enhance skills development and life-long learning	Circulation of Audio Visuals	480 audio visuals circulated by 30 June 2019	746 audio visuals circulated by 30 June 2019	480 audio visuals circulated by 30 June 2020	486 audio visuals circulated by 30 June 2020	480 audio visuals circulated by 30 June 2021	2 528 audio visuals circulated by 30 June 2021
To enhance skills development and life-long learning	Circulation of Books	12 950 books circulated by 30 June 2019	17 533 books circulated by 30 June 2019	12 950 books circulated by 30 June 2020	10766 books circulated by 30 June 2020	480 books circulated by 30 June 2021	11 327 books circulated by 30 June 2021

To enhance skills development and life-long learning	Library Users with access to internet	720 library users with access to internet by 30 June 2019	3 282 library users with access to internet by 30 June 2019	720 library users with access to internet by 30 June 2020	5165 users access internet by 30 June 2020	720 library users with access to internet by 30 June 2021	3 096 library users with access to internet by 30 June 2021
To enhance skills development and life-long learning	Training of People on Basic Computer Skills	360 people trained on basic computer skills by 30 June 2019	457 people trained on basic computer skills by 30 June 2019	360 people trained on basic computer skills by 30 June 2020	320 people trained on computer classes by 30 June 2020	60 people trained on basic computer skills by 30 June 2021	88 people trained on basic computer skills by 30 June 2021

**Employees for Library Services Unit:** The total number of employees for Library Services Unit is 10 (ten) and there are no vacancies.

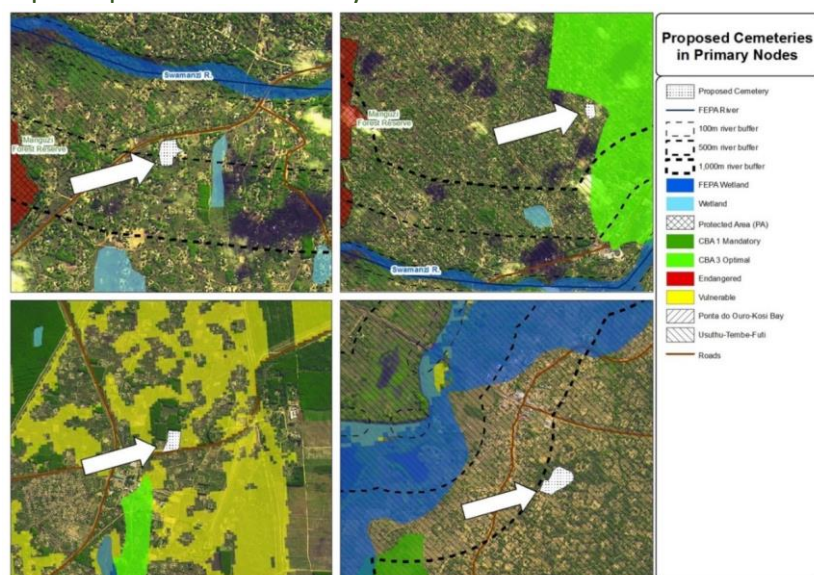
**Table 68: Employees for Library Services**

Employees: Libraries					
Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Librarian	1	1	1	0	0%
Library Assistant (Manguzi = 1, Mseleni = 2)	5	5	5	0	0%
Cyber Cadet	2	2	2	0	0%
Assistant librarian	2	2	2	0	0%

### 3.13 CEMETERIES AND CREMATORIALS

There are no formal registered cemeteries within the Municipal area. Currently there is significant densification of settlements occurring in a number of places within the municipal area. This is particularly evident at Manguzi, Mbazwana, and between Mboza and Sikhemelele. The traditional manner of burial of deceased loved ones at the homesteads is becoming increasingly problematic due to limited space. This practice increases the health risks, as this may result in contamination of groundwater.

Map 11: Proposed Cemeteries in Primary Nodes



Source: UMhlabuyalingana SDF

**Employees for Cemetery and Crematoriums:** The municipality has no unit and no employees to perform the cemetery and crematoriums services.

### 3.14 CHILD CARE, AGED, SOCIAL AND SPECIAL PROGRAMMES

The following services are provided for the social and special programmes.

Table 69: Policy Objectives for Child Care, Aged, Social and Special Programmes

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To enhance programmes for special groups, arts and culture and heritage	Coordination of youth programmes	Coordinate and implement 4 youth programmes (a) Teenage pregnancy (b) Youth Festive season beach monitoring (c) Registration Assistance programme (d) Career EXPO by 30 June 2021	1 youth programme coordinated and implemented (Registration Assistance programme)
	Coordination of arts and culture programmes	Support 4 traditional cultural activities by 30 June 2021	1 traditional cultural activity (Azibuye emasisweni) supported by 30 June 2021
Enhance health of communities and citizens	Hold LAC Meetings	2 LAC Meetings held by 30 June 2021	2 LAC Meetings held by 30 June 2021

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and costal protection.

### 3.15 POLLUTION CONTROL

Pollution control is a function of the Department of Agriculture and Environmental Affairs. A significant proportion of the uMhlabuyalingana municipal area falls within formerly protected areas (approximately 28%). This includes Tembe National Elephant Park, Manguzi Forest Reserve, and Sileza Nature Reserve as well as portions of the Ndumo Game Reserve and Isimangaliso Wetland Park. These are under threat from land invasions, poaching and illegal harvesting of natural products (e.g. medicinal plants). These activities threaten the biodiversity in the area.

A number of areas are in the process of being declared protected areas in terms of the National Environmental Management: Protected Areas Act (2003) as this affords them a greater level of protection against development, land invasions, poaching, and illegal harvesting of natural products. The declaration of protected areas is however not a simple process as there are a number of conditions which need to be met.

The exploitation of these areas results in environmental degradation, which reduces the ability of these natural areas to provide ecosystem services. There are a number of factors which contribute to the degradation of the natural environment such as overgrazing, overharvesting, inappropriate burning, inappropriate development and pollution. In general, the underlying driver of these factors is the exploitation of the natural environment in the short-term without considering the long-term implications.

The objective is for the municipality to partner with the Department of Agriculture and Environmental Affairs in the following:

- Implement environmental education programme in schools;
- Identify and educate communities that are over-exploiting local natural resources; and
- Identify and take appropriate action against individuals/companies that maliciously pollute or degrade the natural environment.

## COMPONENT F: HEALTH

This component includes clinics, ambulance services and health inspections.

### 3.16 CLINICS

Clinics are well distributed throughout the Municipality, located mainly along national, provincial and district roads. 36 clinics (including mobile-clinics) were identified, servicing approximately 4,547 people per clinic (this ratio excludes mobile-clinics). Predominant illnesses treated by the clinics in the uMhlabuyalingana municipal area are abdominal pain, TB, HIV/AIDS, general injuries, sicknesses and infections.

### 3.17 AMBULANCE SERVICES

The Municipality needs to provide more information on this component however there are two hospitals located in the eastern half of the municipal area with moderate accessibility.

### 3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION ETC.

Licensing and control of the above undertakings is a function area of exclusive Provincial competence.

## COMPONENT G: SECURITY AND SAFETY

This component includes police, fire services, disaster management, licensing and control of animals, and control of public nuisances.

**Functionally**, the Disaster Risk Management Unit is divided into four areas namely, Operations, Support Services, Fire Safety, and Disaster Risk Management. Within these functional areas, the following activities take place or are conducted:

**Operations:** The unit operate a 24-hour service which respond and deal with all fire, rescue and disaster incidents in the Municipal Area within the predetermined time. The unit does not have a Fire Station currently but operate from the municipal buildings.

***Service delivery priorities focus on the following:***

**Fire Safety:** The division focuses on fire safety and building inspections of business and government institutions. The Fire Service Unit engages in public safety education through awareness campaigns.

**Compliance:** The unit ensures compliance with the National Building regulations, Building Standards Act and related by-laws and issuing Fire Safety Compliance Letters.

**Disaster Risk Management:** The service delivery priority is aimed at the annual review of the Municipal Disaster Management Plan, which was reviewed and submitted for final approval and implementation. The municipality renders relief services to disaster victims by handing out relief material, e.g. food parcels, lightning conductors, blankets, temporally shelters.

In line with the Disaster Management Act (Act No. 57 of 2002), uMhlabuyalingana Municipality is trying its best to ensure that disaster management is part of its priorities thus it has established the Disaster Management Unit with well-trained personnel. It has also established a Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

### 3.19 TRAFFIC POLICE SERVICES

The mission of the Traffic Services Section is to render an effective and high-quality traffic service to the community of uMhlabuyalingana Municipality and its visitors by ensuring the free flow of traffic and creating a safe environment for all road-users.

**Traffic Licencing and Law Enforcement:** During the 2020/2021 financial year, a large number of offences were dealt with. The main purpose of this section is not only to prosecute but also to educate offenders and community.

The activities under traffic licencing and law enforcement were as follows:

- Apprehending offenders talking to cell phones while driving,
- Stop Street violations,
- Failure to wear seat belts,
- Excessive speeding,
- Red light and yellow lines offenses,
- Illegal number plates, and
- Driving under the influence of alcohol and/or illicit drugs.

Corrective measures were taken inter-alia include the commissioning speed violation cameras, selective law enforcement on safety belt, cell phones, number plates and the public transport. This included regular roadblocks in conjunction with the South African Police Services (SAPS).

The introduction of roving law enforcement to attend to moving violations seems to be having the desired effect. Traffic safety awareness campaigns are frequently conducted with the

Disaster Management Unit and various other institutions to address irresponsible driver behaviour and to promote pedestrian safety.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit attends to day- to-day traffic management operations to ensure safety and security and to minimise road accidents within the uMhlabuyalingana municipal community area.

**Table 70: Municipal Police Data**

Municipal Police Service Data	
Details	2020/2021
Number of road traffic accidents during the year	55
Number of by-law infringements attended	Nil
Number of police officers in the field on an average day	3
Number of police officers on duty on an average day	3

**Table 71: Employees -Police Officers**

Employees: Police Officers 2019/2020					
Police	Number of Employees No.	Number of Posts	Number of Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Public Safety Manager	1	1	1	0	0%
Other Police Officers	7	7	7	0	0%
Superintendent	2	2	2	0	0%

### 3.20 FIRE SERVICES

**Table 72: Fire Services Data**

uMhlabuyalingana Fire Services Data		
Details	2020/2021	
	Estimate No.	Actual No.
Total fires attended in the year	80	80
Total of the other incidences	355	355
Average turnout time-urban areas	30mins	30mins
Average turnout time rural areas	30mins	30mins
Fire fighters in post at the year end		10



### 3.21 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management Sector Plan is a core component of the Integrated Development Plan (IDP). Section 26 (g) of Municipal Systems Act No. 32 of 2000 requires the municipal IDP to reflect an applicable Disaster Management Sector Plan (DMSP). Furthermore, Section 53 (2) (a) of Disaster Management Act No. 57 of 2002 stipulates that a disaster management sector plan for a municipal area must form an integral part of the municipality's IDP. Hence, this document is prepared to mainstream disaster management into the municipal IDP, to ensure compliance with the abovementioned pieces of legislation.

**Municipal Disaster Management Institutional Capacity:** The municipality's Integrated Development Plan (IDPs) is reviewed and updated annually to ensure relevance. Each unit, sector or municipal entity is required to give its input to the broader IDP to be implemented during a particular financial year in terms of planned programmes, targets and the budget thereof. The Disaster Management Plan outlines the input from uMhlabuyalingana Disaster Risk Management Centre, mainly focusing on Disaster Risk Reduction (DRR) programmes and strategies planned for the financial year 2020/2021, as well as the response and recovery mechanisms.

Section 53 of Disaster Management Act No. 57 of 2002 "DM Act" requires each municipality to prepare a Disaster Management Plan according to the circumstances prevailing in its area. Besides requirements of the DM Act, Section 26 (g) of the Municipal System Act No. 32 of 2000 also requires Municipal Disaster Management Plans to form an integral part of the municipality's Integrated Development Plan (IDP).

uMhlabuyalingana Municipality is extremely rural, with informal settlements at Mbazwana and Manguzi. The area is influenced by the influx of people who migrate from Swaziland and Mozambique. The major structuring elements of uMhlabuyalingana Municipality are the Pongola River along the western boundary, the road from Skhemelele to Manguzi (east-west linkage), and the recently completed road (MR22) from Hluhluwe. The municipality consists of a number of District Management Areas (DMAs), which fall under the municipal jurisdiction of the uMkhanyakude District Municipality, as well as the urban settlements of Manguzi, Mbazwana, Mseleni, Sikhemelele and Mboza. The DMAs are located along the Northern, Eastern and Southern boundaries of the municipality (Local Government, 2015). Table 1 indicates the demographics and locality map of the municipality.

**The Disaster Management Act No. 57 of 2002 requires the uMhlabuyalingana District Disaster Risk Management to take the following actions:**

- To prepare a Municipal Disaster Risk Management Plan for its area according to the circumstances prevailing in the area and incorporating all municipal entities as well as external role-players;

- To co-ordinate and align the implementation of its Municipal Disaster Risk Management Plan with those of other organs of state, institutional and any other relevant role-players; and
- To regularly review and update its Municipal Disaster Risk Management Plan (refer to Disaster Management Act No. 57 of 2002 - Section 48).

**The Municipal Disaster Risk Management Sector Plan should:**

- Form an integral part of the municipality's IDP so that disaster risk reduction activities can be incorporated into its developmental initiatives, Anticipate the likely types of disaster that might occur in the Municipality area and their possible effects, Identify the communities at risk, at a ward level;
- Provide for appropriate prevention, risk reduction and mitigation strategies, identify and address weaknesses in capacity to deal with possible disasters, facilitate maximum emergency preparedness, establish the operational concepts and procedures associated with day-to-day operational response to emergencies by municipal departments and other entities. These Standard Operation Procedures (SOPs) will also form the basis for a more comprehensive disaster response;
- Incorporate all special hazard/risk-specific and departmental DRM plans and any related emergency procedures that are to be used in the event of a disaster. These will provide for:
  - The allocation of responsibilities to the various role players and co-ordination in the carrying out of those responsibilities;
  - Prompt disaster response and relief;
  - Disaster recovery and rehabilitation focused on risk elimination or mitigation;
  - The procurement of essential goods and services;
  - The establishment of strategic communication links; and
  - The dissemination of information.

The Municipal Disaster Risk Management Sector Plan is designed to establish the framework for implementation of the provisions of the Disaster Management Act No. 57 of 2002 and Disaster Risk Management Policy Framework of 2005, as well as the related provisions of the Municipal Systems Act No. 32 of 2000.

Fundamentally, the identified disaster risk reduction activities must be integrated and aligned with the main activities contained in the municipal IDP. Hence the purpose of this Disaster Risk Management Sector Plan is to outline the approach and procedures for an integrated and co-ordinated disaster risk management in the district that focuses on:

- Preventing or reducing the risk of disasters;

- Mitigating the severity of disasters;
- Emergency preparedness;
- Rapid and effective response to disasters; and
- Post-disaster recovery.

This Disaster Risk Management Sector Plan is intended to facilitate multi-departmental, multi-agency and multi-jurisdictional co-ordination in both disaster and disaster risk management interventions.

Until recently, the approach to Disaster Management has been reactive and relief-centric. A paradigm shift has now taken place from the relief-centric syndrome to holistic and integrated approach with emphasis on prevention, mitigation and preparedness.

Since 1994 the South African government's approach to dealing with disasters has changed significantly (NDMC, 2008). The change in legislation governing disasters prior 1994 was driven by several factors. One of the main reasons was the need to bring the law into the modern era so that it would be in line with international best practice in the field of disaster risk management. In addition, the government intended to systematically mainstream disaster risk reduction into developmental initiatives at national, provincial and municipal levels.

The uMhlabyalingana Disaster Risk Management Centre approach to disaster and disaster risk management activities is primarily based on ethos of the Disaster Management Act No. 57 of 2002 and relevant policy frameworks.

The uMhlabyalingana Disaster Risk Management Centre is the custodian of the Municipal Disaster Risk Management Plan. Individual services/directorates, departments and other role-players/entities will be responsible for the compilation and maintenance of their own Service's/Entity's Disaster Risk Management plans. Along with the various specific hazard DRM Plans, the Service/ Entity Disaster Risk Management Plans will be considered as integral parts of the Municipal Disaster Risk Management Plan. The following services were provided by the Disaster Management Unit.

**Table 73 : Disaster Management Unit Policy Objectives and Programmes**

Service Objectives	Service Targets	2018/2019		2019/2020		2020/2021	
		Target	Actual	Target	Actual	Target	Actual
To prevent and reduce the impact of	Conduct risk reduction awareness campaigns	N/A	N/A	24 risk reduction awareness campaigns conducted by 30 June 2020	24 risk reduction awareness campaigns conducted by 30 June 2020	Conduct 6 risk reduction awareness campaigns by 30 June 2021	6 risk reduction awareness campaigns conducted by 30 June 2021

disasters in uMhlabuyalingana	Review of Disaster Management Plan	Reviewed Disaster Management Plan by 30 June 2019	Reviewed Disaster Management Plan adopted council on 26 June 2019	30 June 2020 (Reviewed Disaster Management Plan)	Disaster Management Plan reviewed and approved by council on 30 June 2020	Table Reviewed Disaster Management Plan to Council for approval by 30 June 2021	Disaster Management Plan was reviewed and tabled to Council for approval on 30 June 2021
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## COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### 3.22 SPORTS AND RECREATION

The municipality had built a number of sports fields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports. The municipality has supported SAFA in domestic male soccer leagues, in female netball and volleyball (male and female) in three wards, namely Wards 2, 3 and 15.

**Table 74: Sport and Recreation Unit Policy Objectives and Programmes**

Service Objectives	Service Targets	2018/2019		2019/2020		2020/2021	
		Target	Actual	Target	Actual	Target	Actual
There were no Sports and Recreation Programmes implemented during the last 3 financial years.							

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, property services.

### 3.23 EXECUTIVE AND COUNCIL

The Executive Committee meets monthly to consider reports from the various portfolio committees. There are 34 Councillors that serve the Wards in uMhlabuyalingana Municipality and are allocated to internal portfolios and functions.

Table 75 indicates employee totals, turnover and vacancies. The table indicates that the total number of posts for the unit is 15. There were 15 employees who worked for the unit during 2020/2021 financial year with 3 vacancies totalling to 2% vacancy rate.

**Table 75: Employees for the Executive and Council**

Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Corporate Policy Offices and Other	15	15	15	3	2%

### 3.24 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management, Asset Management and Supply Chain Management. The Department is also responsible for the implementation of Valuation Roll. The municipality's debt recovery rate decreased by 12% when compared to the previous year rate. The activities of this section are detailed under Financial Performance (Chapter 5)

**Table 76: Debt Recovery**

Details	2018-2019			2019-2020			2020-2021		
	Billed	Collected	% Collected	Billed	Collected	% Collected	Billed	Collected	% Collected
Property rates	19 963 019	13 062 428	65%	21 114 011	21 989 977	104%	21 771 606	16 040 360	74%
Refuse removal	583 201	298 251	51%	624 360	316 513	51%	624 360	218 608	35%
Rental of facilities	367 907	417 084	113%	380 484	233 897	61%	395 302	107 083	27%
Traffic fines	1 567 950	249 400	16%	876 900	154 750	18%	1 047 350	193 300	18%

The collection rate on property rates has regressed from 104% in 2019/2020 to 74% in 2020/21. Collection rate on refuse removal and rental of facilities has followed suit while traffic fines collection rate has remained at 18%.

**Table 77: Financial Services Programmes**

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	Table Adjustment Budget to Council for approval by 28 February 2021	20/21 Adjustment Budget tabled to Council for approval on 27 February 2021
	Approval of annual budget	Table 2021/22 Annual budget to council for approval by 31 May 2021	2021/22 Annual budget was tabled to council for approval on 31 May 2021
	Comply with financial reporting requirements as outlined in the MFMA	Table 4 Unauthorized, Irregular or Fruitless and Wasteful Expenditure Reports tabled to council by 30 June 2021	4 Reports on Unauthorized, irregular or Fruitless and Wasteful Expenditure Reports submitted to council by 30 June 2021
	Maintenance of GRAP compliant fixed assets register	Update GRAP compliant Fixed Asset Register on quarterly basis by 30 June 2021	GRAP compliant Fixed Asset Register updated on quarterly basis by 30 June 2021
To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	95% of budgeted revenue collected by 30 June 2021	84% of budgeted revenue collected by 30 June 2021
	Adoption of revenue enhancement strategy	Table Revenue Enhancement Strategy to Council for approval by 30 June 2021	Revenue Enhancement Strategy was tabled to Council for approval on 30 June 2021
	Approval of Supplementary Valuation Roll	30 June 2020 (Approved Supplementary Valuation Roll by Council)	Supplementary Valuation Roll approved by council on 29 May 2020

**Table 78: Financial Performance for the Financial Services Unit**

Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
<b>Total Operating Revenue</b>	207 555 334	227 115 977	250 404 607	228 206 959	-22 197 648
<b>Total Operating Expenditure</b>	227 060 612	209 717 977	227 504 605	239 616 409	-12 111 804

### 3.25 HUMAN RESOURCE SERVICES

Human Resources as a component deals mainly with recruitment and selection, which includes staffing, human resources development, health, and safety, maintaining healthy and sound employer-employee relations, human resources administration and benefits management. The Human Resources Strategy is in place and drives programmes and projects to deploy capable municipal staff to achieve service delivery objectives.

The Strategy is aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen the human resources role and visibility within the organisation. The Municipality has Council-approved Employment Equity Plan and Workplace Skills Plan in place. The subject plans' key focus is on organisational development and change management. Furthermore, the municipality has taken initiative to cascade Individual Performance System to all employee levels and as part of Personal Development Plan (PDP). Employees identify their skills gap which assist in identifying training needs. An annual skills audit is conducted to identify the skills gap and ensure training to bridge the gaps. Municipal officials have gained skills capacity through this process.

All critical positions during the 2020/2021 financial year were filled in order to ensure successful implementation of the municipality's vision. The following positions constituted the uMhlabuyalingana Municipality's senior management structure:

- Municipal Manager
- Director Technical Services
- Director Corporate Services
- Chief Financial Officer
- Director Community Services
- Technical Manager
- Manager: Town Planning
- IDP/PMS Manager
- Finance Manager

**Table 79: Objectives and Targets of Human Resources Management Services**

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To create and retain sufficient capacity for an effective administration	Filling of vacant posts	Fill 6 vacant positions by 30 June 2021 (4 Finance Interns, LED Manager and ICT Manager)	16 vacant positions filled by 30 June 2021 (LED Manager, ICT Manager, SCM Officer, Deputy CFO, 4 Finance Interns and 5 temporal Firefighters, Technical In-service Trainee, Technical Intern appointed)
Develop Workplace Skills Plan for efficient administration	Council approved Workplace Skills Plan (WSP) submitted to LGSETA	Submit Council approved WSP to LGSETA by 30 April 2021	Council approved WSP was submitted to LGSETA

### 3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICE

UMhlabuyalingana Municipality has since stopped using outsourced ICT Services and appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management, and transparent reporting on IT related risks.

**Table 80: Objectives and Targets of ICT Services**

Service Objectives	Service Targets	2020/2021	
		Target	Actual
To attract and retain qualified and experienced staff across the staff establishment	ICT Manager vacant position filled by 30 June 2021	IT Manager vacant position filled by 30 June 2021	The IT Manager position has been filled.
To ensure effective governance through regular meeting of Council structures	4 Audit Steering Committee meetings by 30 June 2021	4 Audit Steering Committee meetings by 30 June 2021	4 Audit Steering Committee meetings by 30 June 2021

### 3.27 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The Revenue Enhancement Strategy was reviewed in 2018/2019 financial year and was implemented from the 2019/2020 financial year. The measures were prepared by management to encourage the rate payers to pay their property bills for the municipality, meetings were held, and discounts were issued by council to try and enhance collection. During 2020/2021 financial year, the municipality realized improvements in the revenue collections after the engagements made above.

The successful implementation of the Council's Risk Management Strategy and effective operation of risk management processes were undertaken by the Performance and Audit



Committee. The risk assessment was conducted for 2019/2020 financial year and a risk register was developed. The Municipality reviewed the Risk Management Policy and Strategy and were tabled to Council for approval. The establishment of the Risk and Compliance Unit followed by the appointment of the Risk and Compliance Manager, who is responsible for the monitoring of Risk Register. Updates on the risk register were tabled to Council on quarterly bases.

#### **COMPONENT J: MISCELLANEOUS**

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises. This section is not applicable in uMhlabuyalingana Municipality area of jurisdiction.

#### **COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

**Table 81: Organisational Performance Scorecard**

ANNUAL PERFORMANCE REPORT FOR 2020/2021 FINANCIAL YEAR														
NATIONAL KEY PERFORMANCE AREAS	IDP / SDBIP NO.	OUTCOME 9	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	NO	KEY PERFORMANCE INDICATORS	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR		Status (Achieved / Not Achieved)	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2019/2020 (TARGET)	2019/2020 (ACTUAL)	2020/2021 (TARGET)	2020/2021 (ACTUAL)				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT														
Municipal Transformation and Institutional Development	MTID-01-19/20-CORP 01	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and approval of the reviewed Organogram	1	Reviewed and Council approved 2021/22 Organogram	Council Approved reviewed Organogram by 30 June 2020	Reviewed organogram approved by council on 30 June 2020	Table Reviewed 2021/22 Organogram to council for approval by 30 June 2021	Organogram reviewed and approved by council on 30 June 2021	Target achieved	N/A	N/A	Council Resolution & Approved Organogram

Municipal Transformation and Institutional Development	MTID-01-20/21-CORP-02	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Filling of vacant posts	2	Number of Vacant positions filled	11 (Vacant positions filled by 30 June 2020 (Finance Interns x4, General workers x6, IT Manager)	8 (Vacant positions filled by 30 June 2020 (licensing clerk, secretary to director community, General workers x6)	Fill 6 vacant positions by 30 June 2021 (4 Finance Interns, LED Manager and ICT Manager)	16 vacant positions filled by 30 June 2021 (LED Manager, ICT Manager, SCM Officer, Deputy CFO, 4 Finance Interns and 5 temporal Firefighter s, Technical In-service Trainee, Technical Intern appointed)	Target achieved	N/A	N/A	Adverts, Appointment Letters, Acceptance Letters
Municipal Transformation and Institutional Development	MTID-02-20/21-CORP-03	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	3	Employment Equity Reports submitted to Department of Labour	31 January 2020 (Submit Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act)	Employment Equity Reports submitted to Department of Labour on 08 January 2020	Submit Employment Equity Report to Department of Labour by 31 January 2021	Employment Equity Report submitted to Department of Labour by 31 January 2021	Target achieved	N/A	N/A	Acknowledgement of receipt from Dept. of Labour

Municipal Transformation and Institutional Development	MTID-02-20/21-CORP-04	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	4	Number of People from employment equity target groups employed in the three highest levels of management	1 Person from employment equity target groups appointed in the three highest levels (Section Manager) in compliance with Approved Employment Equity Plan by 31 December 2019	0 Person from employment equity target groups appointed in the three highest levels (Section Manager)	Appoint 2 People in three highest levels (Section Manager) from employment equity target groups by 31 December 2020	3 People appointed in three highest levels (Section Manager) from employment equity target groups by 31 December 2020	Target achieved	N/A	N/A	Advert, Appointment letters and Acceptance letters
Municipal Transformation and Institutional Development	MTID-03-20/21-CORP-05	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Review and approval of retention strategy	5	Reviewed and Council approved Retention Strategy	30 June 2020 (Reviewed and Council approved Retention Strategy)	Retention Strategy reviewed and approved by council on 30 June 2020	Table Reviewed Retention Strategy to council for approval by 30 June 2021	Retention Strategy was reviewed and approved by council on 30 June 2021	Target achieved	N/A	N/A	Council Resolution and Reviewed Retention Strategy
Municipal Transformation and Institutional Development	MTID-03-20/21-CORP-06	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	6	Reviewed and Council approved Human Resources Strategy	30 June 2020 (Review and approval of Human Resources Strategy)	Human Resources Strategy reviewed and approved by council on 30 June 2020	Table Reviewed Human Resources Strategy to council for approval by 31 March 2021	Human Resources Strategy was tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	HRS and council resolution

Municipal Transformation and Institutional Development	MTID-03-20/21-CORP-07	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	7	Reviewed and Council approved Human Resources Training Plan	30 September 2019 (Review and approval of Human Resources Training Plan as per WSP)	Human Resources Training Plan was compiled	Table Reviewed Human Resources Training Plan to council for approval by 30 September 2020	HTRP reviewed and tabled to Council of adoption on 28/10/2020	Target achieved	N/A	N/A	Council Resolution & approved Human Resources Training Plan
Municipal Transformation and Institutional Development	MTID-04-20/21-CORP-08	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Implementation of the Workplace skills plan	8	Percentage of municipality's payroll budget actually spent on implementing Workplace Skills Plan	1% of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2020	1% of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2021	1% of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2021	1,38% of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2021	Target achieved	N/A	N/A	1% Expenditure Reports on training vote
Municipal Transformation and Institutional Development	MTID-05-20/21-CORP-09	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	9	Council approved Skills audit	31 March 2020 (Skills audit Report produced)	Skills Audit produced and adopted by council on 30 June 2020	Conduct and table Skills Audit to council for approval by 31 March 2021	Final Skills Audit conducted and was approved by council on 30 March 2021	Target achieved	N/A	N/A	Skills Audit Report and council resolution
Municipal Transformation and Institutional Development	MTID-06-20/21-CORP-09	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff	To develop workplace skills plan for efficient administration	10	Council approved WSP submitted to LGSETA	30 April 2020 (WSP submitted to LGSETA)	WSP submitted to LGSETA on 29 May 2020 (LGSETA extended the submission date from 30	Submit Council approved WSP to LGSETA by 30 April 2021	Council approved WSP was submitted to LGSETA	Target achieved	N/A	N/A	Council resolution and Proof of Submission to LGSETA

			establishment					April 2020 to 30 May 2020						
Municipal Transformation and Institutional Development	MTID-07-20/21-CORP-10	Improved administrative and human resources management practices	To provide the optimal institutional structure to render effective and efficient services	Review and approval of PMS Framework and policies	11	Reviewed and Council approved PMS Framework and IPMS Policy	N/A	N/A	Table Reviewed PMS Framework and IPMS Policy to council for approval by 30 June 2021	The draft document was workshopped to staff and LLF, however it was deferred	Target not achieved	The draft document was workshopped to staff and LLF, however it was deferred	The document will be revised to provide clarity on clauses that were not clear or that caused ambiguity	Council resolution and PMS Framework and PMS Policy
Municipal Transformation and Institutional Development	MTID-04-20/21-FI-01	Improved administrative and human resources management practice	To manage and enhance the performance of the municipality	Submission of Mid-year (Sec 72) report to Council	12	Council approved Mid-Year (Sec 72) report	25 January 2020 (Mid-Year (Sec 72) Report submitted to Council)	Mid-Year (Sec 72) Report submitted to Council on 21 January 2020	Table Mid-Year (Sec 72) report to council for approval by 25 January 2021	Mid-year report tabled to Council on the 25 of January 2021	Target achieved	N/A	N/A	Mid-Year (Sec 72) Report and Council Resolution

Municipal Transformation and Institutional Development	MTID-04-20/21 FI-02	Improved administrative and human resources management practice	To ensure sound budgeting and compliance principles	Submission of Quarterly AFS to council	13	Council approved 2019/20 AFS and number of 20/21 Interim Financial Statements tabled to Council	3 Interim FS and (18/19) AFS tabled to Council	3 interim FS were tabled to council and (18/19) AFS tabled to Council on 28 August 2019	Table 2019/20 AFS to council for approval) and table 3 (20/21) Interim FS to Council by 30 June 2021	2019/2020 AFS tabled to council for adoption on 28 Oct 2020 and 3 interim FS tabled to Council by 30 June 2021	Target achieved	N/A	N/A	2019/2020 AFS, Interim Financial Statement and Council Resolutions
Municipal Transformation and Institutional Development	MTID-04-20/21 FI-03	Improved administrative and human resources management practice	To develop and maintain systems and procedures for effective and sound management of municipal finances	Submission of 2019/2020 AFS to Auditor-General	14	AFS submitted to Auditor General	Submit 2018/19 AFS to AG by 31 August 2019	2018/19 AFS submitted to AG on 31 August 2019	Submit 2019/20 AFS to Auditor-General by 31 October 2020	2019/20 AFS submitted to Auditor General on 31 October 2021	Target achieved	N/A	N/A	Acknowledgment of receipt from Auditor General
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 01	Improved administrative and human resources management practice	To manage and enhance the performance of the municipality	Submission of quarterly performance reports to Council	15	Number of Organizational Quarterly Performance Reports compiled and tabled to Council	4 quarterly performance reports submitted to council by 30 June 2020	4 quarterly performance reports submitted to council by 30 June 2020	Compile and table 4 Organizational quarterly Performance Reports to Council by 30 June 2021	4 Organizational quarterly Performance Reports compiled and tabled to Council by 30 June 2022	Target achieved	N/A	N/A	Organizational Performance Reports and Council resolutions

Municipal Transformation and Institutional Development	MTID-03-20/21 MM 02	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to Council	16	Council approved 2019/2020 Annual Performance Report	31 August 2019 (Submission of 2018/2019 Annual Performance Report to Council)	Annual Performance Report submitted to council on 28 Aug 2019	Table 2019/2020 Annual Performance Report to Council for approval by 31 August 2020	2019/2020 Annual Performance Report tabled to Council for approval on 30 October 2020 (Date for submission was revised to 31 Oct 2020)	Target achieved	N/A	N/A	2019/2020 Annual Performance Report and Council resolution
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 03	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to AG	17	2019/2020 Annual Performance Report submitted to Auditor-General	31 August 2019 (Submission of 2018/2019 Annual Performance Report to Auditor-General)	Annual Performance Report submitted to AG on 31 Aug 2019	Submit 2019/2020 Annual Performance Report to Auditor-General by 31 August 2020	Annual Performance Report submitted to Auditor-General on 31 Oct 2020	Target achieved	N/A	N/A	Proof of Submission
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 04	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Tabling of 2019/20 Final Audited Annual report to Council	18	Council approved 2019/20 Final Audited Annual report	31 Jan 2020 (18/19 Final Audited Annual report submitted to council)	Audited Annual Report submitted council on 21 Jan 2020	Table 2019/20 Final Annual report to council for approval by 31 March 2021	2019/20 Final Annual report tabled to council for approval on 30 April 2021	Target achieved	N/A	N/A	Council Resolution



Municipal Transformation and Institutional Development	MTID-03-20/21 MM 05	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Tabling of Oversight Report to council	19	Adopted Oversight report	31 March 2020 (Oversight report submitted to council)	Oversight Report tabled to council on 31 March 2020	Table Oversight report to council for adoption by 30 April 2021	Oversight report tabled to council for adoption on 31 May 2021	Target achieved	N/A	N/A	Oversight Report and Council Resolution
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 06	Improved administrative and human resources management practices	To ensure effective governance through regular meeting of Council structures	To develop and introduce an integrated information management system in compliance with section 75 of the MFMA	20	Number of Audit Steering Committee meetings held	4 Audit Steering Committee meetings by 30 June 2020	3 Audit Steering Committee meetings by 30 June 2020 (28 August 27 November 19, 11 May 2020)	Hold 4 Audit Steering Committee meetings by 30 June 2021	4 Audit Steering Committee meetings held by 30 June 2021	Target achieved	N/A	N/A	Minutes and attendance register
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 07	Improved administrative and human resources management practices	To provide the optimal institutional structure to render effective and efficient services	Conclusion of performance agreements in terms of section 54/56 of MSA	21	Signed and council approved performance agreements for Section 54/56 managers	(a) 31 July 2019 5 Section 54 & 56 2019/2020 Performance Agreements approved by Council by 31 July 2019 (b) Performance Agreements signed and approved by Council (b) 5 Section 54 & 56 2020/21 Draft performance agreements	5 Section 54 & 56 2019/2020 Performance Agreements approved by Council by 31 July 2019 (b) 5 Section 54 & 56 2020/21 Draft performance agreements submitted to council on 30 June 2020	Sign 5 and submit 2020/2021 Section 54/56 managers Performance Agreements to council for approval	5 2020/2021 Section 54/56 managers Performance Agreements signed and approved by council	Target achieved	N/A	N/A	Council Resolution and ExCo resolution

							submitted to ExCo							
Municipal Transformation and Institutional Development	MTID-03-20/21 MM 08	Improved administrative and human resources management practices	To provide the optimal institutional structure to render effective and efficient services	Conclusion of performance agreements in terms of section 54/56 of MSA	22	Signed performance agreements for Section 54/56 managers submitted to Cogta	N/A	N/A	Submit 5 signed 2020/2021 Section 54/56 Performance Agreements to Cogta	5 signed 2020/2021 Section 54/56 Performance Agreements submitted to Cogta on 6 Aug 2021	Target achieved	N/A	N/A	Proof of submission/Acknowledgement
	<b>BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT</b>													
Basic Service and Infrastructure Development	BSDID-02-20/21 - CS1	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	23	Number of Fumigations done on landfill site	2 Landfill sites (Manguzi and Mbazwana Landfill sites) fumigated quarterly by 30 June 2020	Manguzi and Mbazwana Landfill sites were fumigated once during quarter 3	Fumigate Manguzi Landfill site 4 times (quarterly) by 30 June 2021	Manguzi Landfill site was fumigated 4 times (quarterly) by 30 June 2021	Target achieved	N/A	N/A	fumigation certificates and fumigation reports

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS2	Improve access to basic service delivery	Increased Access to refuse removal	Management of waste	24	Percentage of households with basic refuse removal services	520 Households/businesses with access to waste removal by 30 June 2020	520 Households/businesses had access to waste removal by 30 June 2020	2% of households with basic refuse removal services or better by 30 June 2021	2% of households had basic refuse removal services or better by 30 June 2021	Target achieved	N/A	N/A	Daily collection list/Itinerary/Site Supervisor
Basic Service and Infrastructure Development	BSDID -01-19/20 - CS3	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	24	Households/businesses with access to waste removal	2% of Households with access to waste removal by 30 June 2019	2% of Households with access to waste removal by 30 June 2019	520 Households/businesses with access to waste removal by 30 June 2020	520 Households/businesses with access to waste removal by 30 June 2020	Target achieved	N/A	N/A	Daily collection list
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS3	Improve access to basic service delivery	enhance municipal waste management capacity	Management of waste	25	Number of Awareness campaigns on Waste management held	4 Refuse removal awareness Campaigns by 30 June 2020	4 Refuse removal awareness campaigns held by 30 June 2020	Conduct 2 Awareness campaigns on waste management by 30 June 2021	2 Awareness campaigns conducted on waste management by 30 June 2021	Target achieved	N/A	N/A	Reports and Attendance registers
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS4	Improve access to basic service delivery	Improve access to basic services	Provision of free basic services	26	Number of Households earning less than R3 350 per month with access to basic free electricity	520 households earning less than R3 350 per month with access to basic free services (electricity) by 30 June 2020	520 households earning less than R3 350 per month had access to basic free services (electricity) by 30 June 2020	520 households earning less than R3 350 per month with access to basic free electricity on a quarterly basis by 30 June 2021	520 households earning less than R3 350 per month had access to basic free electricity on a quarterly basis by 30 June 2021	Target achieved	N/A	N/A	Indigent Register/Eskom Billing report

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS5	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	27	Reviewed and Council approved Waste management policies	30 June 2020 (Review of Waste management policies (Integrated waste management plan, Waste management policy))	Integrated waste management plan, Waste management policy reviewed and adopted by council on 30 June 2020	Table Reviewed Waste management policy, Integrated waste management plan to council for approval by 30 June 2021	Reviewed Waste management policy, Integrated waste management plan tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Waste Management policy, Integrated waste management plan and council resolution
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS6	Improve access to basic service delivery	Improve access to basic services	Review and approval of indigent policy	28	Reviewed and Council approved Indigent policy	30 June 2020 (Reviewed and approved indigent policy)	Indigent policy reviewed and approved by council on 30 June 2020	Table Reviewed Indigent policy to council for approval by 30 June 2021	Indigent Policy was reviewed and tabled to Council for approval on 30 June 2020	Target achieved	N/A	N/A	Reviewed Indigent Policy and Council resolution
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS7	Improve access to basic service delivery	Improve access to basic services	Updating and Approval of Final indigent register 2019/2020	29	Updated and Council approved Indigent Register	30 June 2020 (Updated and approved indigent register)	Indigent register updated and approved by council on 30 June 2020	Table Updated Indigent Register to council for approval by 30 June 2021	Indigent Register was updated and tabled to council for approval on 30 June 2020	Target achieved	N/A	N/A	Updated indigent register and Council Resolution
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS08	Improve Access to Basic Services	Enhance safety and security	Review of Community Safety Plan	30	Reviewed and council approved Community Safety Plan	2020/06/30	Community Safety Plan reviewed and approved by council on 30 June 2020	Table Reviewed Community Safety Plan to council for approval by 30 June 2021	Community Safety Plan was reviewed and tabled to council for approval on 30 June 2020	Target achieved	N/A	N/A	Community Safety Plan and council resolution

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS9	Improve Access to Basic Services	To promote road safety	Provision of protection services	31	Number of Vehicles Stopped and Checked	18000 Vehicles Stopped and Checked by 30 June 2020	19 471 Vehicles Stopped and Checked by 30 June 2020	18000 Vehicles Stopped and Checked by 30 June 2021	22 904 Vehicles Stopped and Checked by 30 June 2021	Target achieved	N/A	N/A	Daily crime returns
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS11	Improve Access to Basic Services	To promote road safety	Provision of protection services	32	Number of Vehicles screened for speed	9000 Vehicles screened for speed by 30 June 2020	5 889 Vehicles screened for speed by 30 June 2020	9000 Vehicles screened for speed by 30 June 2021	10 648 Vehicles screened for speed by 30 June 2021	Target achieved	N/A	N/A	Daily crime returns
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS12	Improve Access to Basic Services	To promote road safety	Provision of protection services	33	Number of Multi-Disciplinary Roadblocks conducted	24 Multi-Disciplinary Roadblocks conducted by 30 June 2020	33 Multi-Disciplinary Roadblocks conducted by 30 June 2020	24 Multi-Disciplinary Roadblocks conducted by 30 June 2021	30 Multi-Disciplinary Roadblocks conducted by 30 June 2021	Target achieved	N/A	N/A	Attendance registers and reports
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS13	Improve Access to Basic Services	To promote road safety	Provision of protection services	34	Number of Direct Charges issued for Drunken/Speed Driving	60 Direct Charges issued for Drunken/Speed Driving by 30 June 2020	69 Direct Charges issued for Drunken/Speed Driving by 30 June 2020	12 Direct Charges issued for Drunken/Speed Driving by 30 June 2021	29 Direct Charges issued for Drunken/Speed Driving by 30 June 2021	Target achieved	N/A	N/A	Direct Charge forms
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS14	Improve Access to Basic Services	To promote road safety	Conduct routine roadside roadblocks	35	Number of Routine roadside roadblocks conducted	720 routine roadside roadblocks by 30 June 2020	739 routine roadside roadblocks by 30 June 2020	240 routine roadside roadblocks by 30 June 2021	817 routine roadside roadblocks by 30 June 2021	Target achieved	N/A	N/A	Monthly /daily crime return

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS15	Improve d Access to Basic Services	To promote road safety	Conduct Speed operations	36	Number of Speed operations conducted	240 speed operations conducted by 30 June 2020	167 speed operations conducted by 30 June 2020	240 speed operations conducted by 30 June 2021	356 speed operations conducted by 30 June 2021	Targ et achi eve d	N/A	N/A	Monthly crime returns
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS16	Improve d Access to Basic Services	To promote road safety	Hold road safety awareness campaigns	37	Number of COVID 19 Compliance business inspections conducted	N/A	N/A	Conduct 4 COVID 19 Compliance business inspection by 30 June 2021	6 COVID 19 Compliance business inspection conducted by 30 June 2021	Targ et achi eve d	N/A	N/A	Reports, Attenda nce register
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS17	Improve d Access to Basic Services	To promote road safety	Provision of protection services	38	Number of Learners Driver's License issued	2000 Learners License Issued by 30 June 2020	1 848 Learners License issued by 30 June 2020	1260 Learners License Issued by 30 June 2021	2 940 Learners License Issued by 30 June 2021	Targ et achi eve d	N/A	N/A	System generate d report (License-pro report)

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS18	Improve d Access to Basic Services	To promote road safety	Provision of protection services	39	Number of Applicants tested for driving	4000 Applicants Tested for Driving Licenses by 30 June 2020	3 250 Applicants Tested for Driving Licenses by 30 June 2020	2880 Applicants Tested for Driving Licenses by 30 June 2021	3 974 Applicants tested for driving Licenses by 30 June 2021	Target achieved	N/A	N/A	System generated report (entails report)
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS19	Improve d Access to Basic Services	To promote road safety	Provision of protection services	40	Number of Temporary Driving Licenses Issued	600 Temporary Driving License Issued by 30 June 2020	687 Temporary Driving License issued by 30 June 2020	600 Temporary Driving License Issued by 30 June 2021	781 Temporary Driving License Issued by 30 June 2021	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS20	Improve d Access to Basic Services	To promote road safety	Provision of protection services	41	Number of Duplicate Learners Licence Issued	60 duplicate learners issued by 30 June 2020	23 duplicate learners issued by 30 June 2020	24 duplicate learners issued by 30 June 2021	60 duplicate learners issued by 30 June 2021	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS21	Improve d Access to Basic Services	To promote road safety	Provision of protection services	42	Number of PrDP issued	800 Professional Driving Permit (PrDP) issued by 30 June 2020	637 Professional Driving Permit (PrDP) issued by 30 June 2020	480 Professional Driving Permit (PrDP) issued by 30 June 2021	807 Professional Driving Permit (PrDP) issued by 30 June 2021	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS22	Improve d Access to Basic Services	To promote road safety	Provision of protection services	43	Number of Vehicle Licences renewed	720 Vehicle licenses renewed by 30 June 2020	1 213 Vehicle licenses renewed by 30 June 2020	720 Vehicle licences renewed by 30 June 2021	2 029 Vehicle licenses renewed by 30 June 2021	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS23	Improve d Access to Basic Services	To promote road safety	Provision of protection services	44	Number of Drivers Licences renewed	1 200 Drivers Licences Renewed by 30 June 2020	1 357 Drivers Licences Renewed by 30 June 2020	1 200 Drivers Licences Renewed by 30 June 2021	2 046 Drivers Licences Renewed by 30 June 2021	Target achieved	N/A	N/A	System generated report (eNatis report)

Basic Service and Infrastructure Development	BSDID -02-20/21 - CS25	Improve Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	45	Number of Audio visuals circulated	480 audio visuals circulated by 30 June 2020	486 audio visuals circulated by 30 June 2020	480 audio visuals circulated by 30 June 2021	2 528 audio visuals circulated by 30 June 2021	Target achieved	N/A	N/A	System Generated Report
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS27	Improve Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	47	Number of Library Users with access to internet	720 library users with access to internet by 30 June 2020	5165 users access internet by 30 June 2020	720 library users with access to internet by 30 June 2021	3 096 library users with access to internet by 30 June 2021	Target achieved	N/A	N/A	Daily signed register
Basic Service and Infrastructure Development	BSDID -02-20/21 - CS29	Improve Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	48	Number of People trained on basic computer skills	360 people trained on basic computer skills by 30 June 2020	320 people trained on computer classes by 30 June 2020	60 people trained on basic computer skills by 30 June 2021	88 people trained on basic computer skills by 30 June 2021	Target achieved	N/A	N/A	Daily signed register
Basic Service and Infrastructure Development	BSDID -01-20/21 - TS1	Improve Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of the multi-purpose/community centre	49	Completed Manguzi Multi-purpose Centre	1500m <sup>2</sup> of Manguzi Multi-purpose completed by 30 June 2020	0m <sup>2</sup> of Manguzi Multi-purpose completed by 30 June 2020	Complete construction of Manguzi Multi-purpose by 30 June 2021	74% of construction completed of Manguzi Multi-purpose by 30 June 2021	Target not achieved	The Additional funding application to complete the project was declined by MIG which resulted in the project being funded by equitable share. only the budget of R9m was available this financial year and it	The project is planned to be completed in the first quarter of 2021-2022 financial year however this is depended on the availability of the budget of 14 million to complete	Engineer's Works Completion Certificate



												is not enough to complete the project.	the project.	
Basic Service and Infrastructure Development	BSDID -01-20/21-TS2	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuya lingana	Constructio n of roads Mbazwane-Kwambila multipurpose black top road)	50	Number of kilometers constructed for Mbazwane-Kwambila multipurpose black top road	0,5 km of Mbazwane-Kwambila multipurpose black top road completed by 30 June 2020 with engineers' completion certificate.	0km of Mbazwane-Kwambila multipurpose black top road completed (75% construction completed at end of June 2020)	Construct 0,9 km Mbazwane-Kwambila multipurpose black top road completed by 31 March 2021	1,0 km Mbazwane-Kwambila multipurpose black top road completed by 31 March 2021	Targ et achi eve d	N/A	N/A	Project Progress Reports and Engineer' s Works Completi on Certificat e
Basic Service and Infrastructure Development	BSDID -01-20/21-TS3	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuya lingana	Constructio n of gravel road Manzengwenya)	51	Number of Kilometers of Manzengwenya gravel road constructed	2,5 km of Manzengwen ya gravel road completed with engineers' completion certificate by 30 June 2020	0km of Manzengwen ya gravel road completed	Construct 2km of Manzengwen ya gravel road completed by 30 June 2021)	2km of Manzengwenya gravel road constructed and completed by 30 June 2021	Targ et achi eve d	N/A	N/A	Copy of Adverts, Copy of Appoint ment Letters, Project Progress, Completi on certificat es
Basic Service and Infrastructure Development	BSDID -01-20/21-TS4	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuya lingana	Constructio n of road (Ekuthukuzeni-Masondo gravel road Phase 2)	52	Number of Kilometers of Ekuthukuzeni-Masondo gravel road Phase 2 constructed	N/A	N/A	Construct 3km Ekuthukuzeni -Masondo gravel road Phase 2 by 30 June 2021	3,5km of Ekuthukuzeni-Masondo gravel road Phase 2 constructed and completed by 30 June 2021	Targ et achi eve d	N/A	N/A	Copy of Adverts, Copy of Appoint ment Letters, Project Progress Reports and Engineer s Works Comple

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Basic Service and Infrastr ucture Develo pment	BSDID -01- 20/21 -TS5	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuya lingana	Constructio n of road (Kwashodi Gravel road)	53	Number of kilometers of Kwashodi Gravel road constructed	N/A	N/A	Construct 3km of Kwashodi Gravel road by 30 June 2021	0km of Kwashodi Gravel road constructed by 30 June 2021	Targ et not achi eve d	Due to the MIG allocation being saturated by other project, Kwashodi access road was deferred to be implement ed in the 2021-2022 financial year	Project to be implemten d in the 2021- 2022 financial year	Copy of Adverts, Copy of Appoint ment Letters, Project Progress Reports and Engineer 's Works Completi on Certificat e

Basic Service and Infrastructure Development	BSDID -01-20/21-TS6	Improve Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of road (Ward 5 gravel road)	54	Number of kilometers of Ward 5 gravel road constructed	N/A	N/A	Construct 3km of Ward 5 gravel road by 30 June 2021	4,805km of Ward 5 gravel road constructed and completed by 30 June 2021	Target achieved	N/A	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineer's Works Completion Certificate
Basic Service and Infrastructure Development	BSDID -01-20/21-TS7	Improve Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of road (Thandizwe Black top road)	55	Number of kilometers of Thandizwe Black top road constructed	N/A	N/A	Construct 1km of Thandizwe Black top road by 30 June 2021	95% of progress on the construction of 1km of Thandizwe Black top road by 30 June 2021 (1,460 km of road has been constructed and surfaced, the outstanding work is the kerb and channel with sidewalks)	Target not achieved	The project was not completed due to the additional scope of 460m	. Project to be completed end of August 2021	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineer's Works Completion Certificate

Basic Service and Infrastructure Development	BSDID -01-20/21-TS8	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Constructio n of road (Mqobela phase 2 gravel road)	56	Number of kilometers of Mqobela phase 2 gravel road construct	3 km of Mqobela Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of Mqobela Phase 2 completed (52% construction completed at end of June 2020)	Construct 3km of Mqobela phase 2 gravel road by 30 June 2021	3km of Mqobela phase 2 gravel road constructed by 30 June 2021	Targ et achi eve d	N/A	N/A	Engineer 's Completi on certificat e
Basic Service and Infrastructure Development	BSDID -01-20/21-TS11	Improve d Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Constructio n of road (IYK gravel road)	57	Number of kilometers of IYK gravel road constructed	0,64 km of IYK Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of IYK Phase 2 completed (75% construction completed at end of June 2020)	Construct 0,64km of IYK gravel road by 30 June 2021	0,64km of IYK gravel road constructed and completed by 30 June 2021	Targ et achi eve d	N/A	N/A	Engineer 's Completi on certificat e

Basic Service and Infrastructure Development	BSDID -01-20/21-TS12	Improve Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of road (Library-post office black top)	58	Number of kilometers of Library to Post office tarred road constructed	0,12km of Library -Post office Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of Library -Post office Phase 2 completed (11,60% construction completed at end of June 2020)	Construct 0,2km of Library to Post Office tarred road by 30 June 2021	94,50% progress on the construction of 0,2km of Library to Post Office tarred road by 30 (0,120 km of road has been constructed and surfaced, the outstanding work is the kerb and channel with sidewalks)	Target not achieved	The Contractor informally suspended works on site mid-May due to the fact that they felt that there were P and G's due to them and they have short paid labour salaries for the month of May 2021.	Work commenced on 9 June 2021 after engagements with the Municipality regarding the Contractor's issues. P and G budget was approved using the remaining budget/savings within the contract and the Contractor has settled outstanding labour salaries. The Project to be completed in August 2021	Progress reports, Engineer's Completion certificate
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Basic Service and Infrastructure Development	BSDID -01-20/21-TS13	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Manguzi electrification)	59	Completed Manguzi electrification project/Number of households electrified	300 households electrified at Manguzi with engineer's close-out report by 30 June 2020	0 households electrified at Manguzi (construction of MV, LV poles at 100%, installation of transformers 80% at end of June 2020)	300 (Households electrified at Manguzi by 30 June 2021)	The overall progress is 98%, 226 connections have been achieved.	Target not achieved	1. The project was delayed by the late and insufficient transfers. An amount of R6m was expected to be transferred but only R1.5m was received., which was not enough to pay the contractor what he was owed which led the project to be on hold from July 2020 to May 2021.	Contractor is back on site from 1st July 2021 to complete balance of work, project to be completed in September 2021	Project Progress Reports and Engineer's close-out report
Basic Service and Infrastructure Development	BSDID -01-20/21-TS14	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Mlamula-Jikijela electrification)	60	Completed Mlamula-Jikijela electrification project/Number of households electrified	270 households electrified at Mlamula-Jikijela with engineer's close-out report by 30 June 2020	0 households electrified at Mlamula-Jikijela (installation of transformers is 30% at end of June 2020)	500 (Households electrified at Mlamula-Jikijela by 30 June 2021)	0 households electrified (The overall progress is 51%)	Target not achieved	1. The project was delayed by the late and insufficient transfers. An amount of R6m was expected to be transferred but only R1.5m was received., which was not enough to pay the contractor	Contractor is back on site from 1st July 2021 to complete balance of work, project to be completed in October 2021	Project Progress Reports and Engineer's close-out report

												what he was owed which led the project to be on hold from July 2020 to May 2021.		
Basic Service and Infrastructure Development	BSDID -01-20/21-TS15	Improve d Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Ward 7 electrification)	61	Completed of Ward 7 electrification project/Number of households electrified	150 households electrified at Ward 7	0 households electrified at Ward 7 by 30 June 2020	185 (Households electrified at Ward 7 by 30 June 2021)	0 households electrified by 30 June 2021 (The overall progress is 94%)	Target not achieved	The project has been delayed by the non-completion of interdependencies (Link-lines) by Eskom.	Department of energy has come on board and funded the Link-lines project to be completed by 30 September 2021	Advert, Appointment letter, Project Progress Reports and Engineer's close-out report
	MUNICIPAL FINANCE AND FINANCIAL VIABILITY													
Municipal Financial Viability and Management	MFV&M-04-20/21 FI-01	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	62	Council approved Adjustment budget	28 February 2020 (Council approved budget adjustment)	Adjustment budget approved by council on 25 Feb 2020	Table Adjustment Budget to Council for approval by 28 February 2021	20/21 Adjustment Budget tabled to Council for approval on 27 February 2021	Target achieved	N/A	N/A	2020/2021 Adjustment Budget and Council resolution

Municipal Financial Viability and Management	MFV&M-04-20/21 FI-02	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Approval of annual budget	63	Council approved 2021/22 Annual budget	30 May 2020 (Council approved 2020/21 Annual budget)	2020/21 Annual budget approved by council on 29 May 2020	Table 2021/22 Annual budget to council for approval by 31 May 2021	2021/22 Annual budget was tabled to council for approval on 31 May 2021	Target achieved	N/A	N/A	Process Plan and Council Resolutions on draft Budget and Final Budget 2021-2022
Municipal Financial Viability and Management	MFV&M-04-20/21 FI-03	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Comply with financial reporting requirements as outlined in the MFMA	64	Number of Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council	4 Reports on Unauthorized, irregular or fruitless and waste expenditure Reports submitted to council by 30 June 2020	4 Reports on Unauthorized, irregular or fruitless and waste expenditure Reports submitted to council by 30 June 2020	Table 4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2021	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2021	Target achieved	N/A	N/A	4 Unauthorized, irregular or fruitless and waste and wasteful expenditure Reports and council resolutions



Municipal Financial Viability and Management	MFV& M-04-20/21 FI-04	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	65	Percentage of Budgeted Revenue Collected	95% of budgeted revenue collected by 30 June 2020	90% of budgeted revenue collected by 30 June 2021	95% of budgeted revenue collected by 30 June 2021	84% of budgeted revenue collected by 30 June 2021	Target not achieved	Since COVID 19 started, invoices were issued to all stakeholders. There is an unresolved matter on debtors collection with Ingonyama Trust Board.	With regards to property rates, the municipality will seek the services of external service provider to assist with debt collection. With regard to Ingonyama Trust debt, the municipality is waiting directives from Cogta and SALGA.	Proof of revenue collected
Municipal Financial Viability and Management	MFV& M-04-20/21 FI-05	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Adoption of revenue enhancement strategy	66	Council Approved Revenue Enhancement Strategy	30 June 2020 (Council adopted revenue enhancement strategy)	Revenue Enhancement Strategy adopted by council on 30 June 2020	Table Revenue Enhancement Strategy to council for approval by 30 June 2021	Revenue Enhancement Strategy was tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Revenue enhancement strategy and Council Resolutions
Municipal Financial Viability and Management	MFV& M-04-20/21 FI-06	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Approval of Supplementary Valuation Roll by Council	67	Council approved Supplementary Valuation Roll	30 June 2020 (Approved Supplementary Valuation Roll by Council)	Supplementary Valuation Roll approved by council on 29 May 2020	Table Supplementary Valuation Roll to council for approval by 30 June 2021	Supplementary Valuation Roll was tabled to council on 31 May 2021	Target achieved	N/A	N/A	Council Resolution and Approved SVR

Municipal Financial Viability and Management	MFV&M-04-20/21 FI-07	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Maintenance of GRAP compliant fixed assets register	68	Updated GRAP compliant Fixed Asset Register	N/A	N/A	Update GRAP compliant Fixed Asset Register on quarterly basis by 30 June 2021	GRAP compliant Fixed Asset Register updated on quarterly basis by 30 June 2021	Target achieved	N/A	N/A	Updated GRAP compliant Fixed Assets Register and 4 quarterly reports
GOOD GOVERNANCE AND PUBLIC PARTICIPATION														
Good Governance and Public Participation	GGPP-02-20/21 CS1	Single window of coordination	To enhance programmes for special groups, arts and culture and heritage	Coordination of youth programmes	69	Number of Youth programmes coordinated and implemented	7 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme (f) Career ExPo (g) Youth commemoration by 30 June 2020	5 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme	Coordinate and implement 4 Youth Programmes (a) Teenage pregnancy (b) Youth Festive season beach monitoring (c) Registration Assistance programme (d) Career ExPo by 30 June 2021	1 youth programme coordinated and implemented (Registration Assistance programme)	Target not achieved	Career expo program was supposed to take place in 3rd quarter however it was then moved to 4th quarter because of Covid 19 regulations which did not support gatherings of more than 50 people, but also all public schools had to limit number of learners attending school	Since the country was affected by natural disaster which was beyond the human control, the department and relevant section will establish a new way of conducting career expo programs that will focus on individual schools, also try to apply online	Reports and attendance registers

												<p>classes, by simple introducing alternative class attendance roll, so it become very difficult to conduct a program which will address more than 50 learners and other group left out, it was going to be costly and impossible to arrange, as result it was moved to 4th Quarter for the month of May, but again with number of infections rising the country was placed on level 4 with strict regulations until first week of July 2021.</p>	<p>programs with targeted schools. this will be implemented in the next financial year 2021/21.</p>	
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Good Governance and Public Participation	GGPP-02-20/21 CS2	Single window of coordination	To enhance programmes for special groups, arts and culture and heritage	Coordination of arts and culture programmes	70	Number of Arts and Culture program supported	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching	Support 4 traditional cultural activities by 30 June 2021	1 traditional cultural activity (Azibuye emasweni) supported by 30 June 2021	Target not achieved	During the 4th Quarter the country was placed under strict level 4 of Covid 19 regulations, as a result no programs or event were allowed to take place, since all four traditional programs normally attracts more 1500 people, it was not advisable to host such programs because they were referred as super spreader events. these programs will take place in the next financial year as in when advised by relevant authorities.	Since the country was affected by natural disaster which was beyond the human control, the department and relevant section will have to communicate with Traditional Council respectively to get their advice on the matter, but also we will try to stage such events in the next financial year during the 1st Quarter of 2021/22 depending on the current situation with regards to Covid 19	Reports and attendance registers
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Good Governance and Public Participation	GGPP- 02- 20/21 CS3	Governance and Policy	enhance health of communities and citizens	Hold LAC Meetings	71	Number of LAC Meetings held	4 LAC Meetings held by 30 June 2020	4 LAC Meetings held by 30 June 2020	2 LAC Meetings held by 30 June 2021	2 LAC Meeting held by 30 June 2021	Target achieved	N/A	N/A	Minutes and attendance registers
Good Governance and Public Participation	GGPP- 02- 20/21 CS4	Governance and Policy	to promote participative, facilitative and accountable governance	Holding of ward committee meetings	72	Number of Ward committee meetings held	216 ward committee meetings held by 30 June 2020	182 ward committee meetings held by 30 June 2020	216 ward committee meetings held by 30 June 2021	174 ward committee meetings held by 30 June 2021	Target not achieved	Some ward committee meetings could not sit due to Covid 19 regulations	N/A	Attendance registers and minutes
Good Governance and Public Participation	GGPP- 04- 20/21 FI-1	To improve Municipal Finance and Administrative Capability	To be fully compliant with the regulations	Submission of Quarterly SCM reports to Council	73	Number of Quarterly SCM reports submitted to Council	4 Quarterly SCM reports submitted to Council by 30 June 2020	4 Quarterly SCM reports submitted to Council by 30 June 2020	4 Quarterly SCM reports submitted to Council by 30 June 2021	4 Quarterly SCM reports submitted to Council by 30 June 2021	Target achieved	N/A	N/A	4 SCM reports and Council Resolutions

Good Governance and Public Participation	GGPP-03-20/21 MM-01	Single Window of Coordination	Ensure Functional Performance Management System implemented	Compilation and submission of B2B reports and Support Plans	74	Number of B2B quarterly performance reports and support plans submitted to Provincial Cogta	4 B2B quarterly performance reports and support plans submitted to Provincial Cogta by 30 June 2020	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2020	Submit 4 B2B quarterly performance report and support plans to Provincial Cogta by 30 June 2021	4 B2B quarterly performance report and support plans to Provincial Cogta by 30 June 2021	Target achieved	N/A	N/A	Quarterly reports, Proof of submission
Good Governance and Public Participation	GGPP-03-20/21 MM-02	Single Window of Coordination	To strengthen partnership with various stakeholders through communicating municipal business	Communication with stakeholders using print and electronic media	75	Number of Radio slots broadcasted	4 radio slots broadcasted by 30 June 2020	4 radio slots broadcasted by 30 June 2020	4 radio slots broadcasted by 30 June 2021	4 radio slots broadcasted by 30 June 2021	Target achieved	N/A	N/A	Invoices/ Reports
Good Governance and Public Participation	GGPP-03-20/21 MM-03	Single Window of Coordination	To provide adequate customer care to uMhlabuyalingana community	Revision, approval of Complaints Management policy	76	Reviewed and Council approved Complaints Management policy	30 June 2020 (Reviewed and council approved Complaints Management policy)	Complaints Management policy reviewed and approved by council on 30 June 2020	Review and table Complaints Management policy to council for approval by 30 June 2021	Complaints Management policy reviewed and tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Complaints Management policy and Council resolution
Good Governance and Public Participation	GGPP-03-20/21 MM-04	Single Window of Coordination	To provide adequate customer care to uMhlabuyalingana community	Review Batho Pele Policy, Procedure Manual and Service delivery charter	77	Reviewed and Council approved Batho Pele policy, procedure manual and Service delivery charter	30 June 2020 (Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter)	Batho Pele policy, procedure manual and Service delivery charter reviewed and adopted by council on 30 June 2020	Table Reviewed Batho Pele policy, procedure manual and Service delivery charter to council for approval by 30 June 2021	Batho Pele policy, procedure manual and Service delivery charter reviewed and tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Batho Pele policy, Procedure manual, Service delivery charter and council

														resolution
Good Governance and Public Participation	GGPP-03-20/21 MM-05	Single Window of Coordination	To provide adequate customer care to uMhlabuyalingana community	Revision of Communication Strategy	78	Reviewed and Council approved Communication Strategy	30 June 2020 (Reviewed and approved Communication Strategy)	Communication Strategy approved by council on 30 June 2020	Review and table Communication Strategy to council for approval by 30 June 2021	Communication Strategy and Policy reviewed and tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Council resolution, Reviewed communication strategy
Good Governance and Public Participation	GGPP-03-20/21 MM-06	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Table Municipal Public Accounts Committee reports to Council	79	Number of Municipal Public Accounts Committee reports tabled to council	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2020	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2020	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2021	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2021	Target achieved	N/A	N/A	4 MPAC Reports and Council Resolution
Good Governance and Public Participation	GGPP-03-20/21 MM-07	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Audit Committee Reports to Council	80	Number of Audit Committee Reports tabled to council	4 Audit Committee Reports submitted to council by 30 June 2020	4 Audit Committee Reports submitted to council by 30 June 2020	4 Audit Committee Reports tabled to council by 30 June 2021	4 Audit Committee Reports tabled to council by 30 June 2021	Target achieved	N/A	N/A	4 audit committee reports and council resolutions

Good Governance and Public Participation	GGPP-03-20/21 MM-08	Improve d municipal Finance and Administrative Capabilit y	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Internal Audit Report to Audit Committee	81	Number of Internal audit reports tabled to Audit Committee	4 Internal audit reports submitted to Audit Committee by 30 June 2020	4 Internal audit reports submitted to Audit Committee by 30 June 2020	4 Internal audit reports tabled to Audit Committee by 30 June 2021	4 Internal audit reports tabled to Audit Committee by 30 June 2021	Target achieved	N/A	N/A	Internal Audit Reports and AC minutes
Good Governance and Public Participation	GGPP-03-20/21 MM-09	Single Window of Coordination	To develop a credible IDP in terms of short medium-term guide for development and service delivery	Compile a credible 2020/21 IDP	82	Council approved 2021/22 IDP	2020/06/30	2020/21 IDP adopted by council on 30 June 2020	Table 2021/22 IDP to council for approval by 30 June 2021	2021/22 IDP tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Council Resolution, approved 20/21 Reviewed IDP
CROSS CUTTING INTERVENTIONS														
Cross Cutting Interventions	CCI-02-20/21 -CS1	Single Window of Coordination	To prevent and reduce the impact of disasters in Umhlabuyalingana	Review of Disaster Management Plan	83	Reviewed and Council approved Disaster Management Plan	30 June 2020 (Reviewed Disaster Management Plan)	Disaster Management Plan reviewed and approved by council on 30 June 2020	Table Reviewed Disaster Management Plan to council for approval by 30 June 2021	Disaster Management Plan was reviewed and tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Risk assessment reports, Reviewed Disaster Management Plan and council resolutions



Cross Cutting Interventions	CCI-02-20/21-CS2	Single Window of Coordination	To prevent and reduce the impact of disasters in Umhlabuyalingana	Conduct risk reduction awareness campaigns	84	Number of Risk reduction awareness campaigns conducted	24 risk reduction awareness campaigns conducted by 30 June 2020	24 risk reduction awareness campaigns conducted by 30 June 2020	Conduct 6 risk reduction awareness campaigns by 30 June 2021	6 risk reduction awareness campaigns conducted by 30 June 2021	Target achieved	N/A	N/A	Reports and attendance registers
Cross Cutting Interventions	CCI-03-20/21-MM-1	Single window of coordination	To implement and maintain compliant, effective and efficient risk management system and processes	To ensure effective risk management	85	Number of Risk assessments conducted	2 risk assessments conducted by 30 June 2020	0 risk assessments conducted by 30 June 2020	Conduct 2 risk assessments by 30 June 2021	2 risk assessments conducted by 30 June 2021	Target achieved	N/A	N/A	Risk Assessment reports, Risk Register
Cross Cutting Interventions	CCI-03-20/21-MM-2	Single window of coordination	To implement and maintain compliant, effective and efficient risk management system and processes	To ensure effective risk management	86	Number of Risk Management Implementation Plan reports tabled to ExCo and council	4 Reports on the Risk Management Implementation Plan tabled to EXCO and Council by 30 June 2020	3 Reports on the Risk Management Implementation Plan tabled to EXCO and Council by 30 June 2020 (Q1 was tabled in January 2020) (Q2 & Q3 was tabled on 30/06/2020)	Table 4 Risk Management Implementation Plan Reports to EXCO and Council by 30 June 2021	4 Risk Management Implementation Plan Reports were tabled to EXCO and Council by 30 June 2021	Target achieved	N/A	N/A	Resolutions

Cross Cutting Interventions	CCI-03-20/21-MM-3	Single window of coordination	To proactively identify and address potential risks that may affect the functionality of the organization	Preparation of updated Risk Management Implementation Plan	87	RMC approved Updated Risk Management Implementation Plan	30 September 2019 (Updated Risk Management Implementation Plan approved by Risk Management Committee)	Updated Risk Management Implementation Plan approved by Risk Management Committee on 02 September 2019	Table Updated Risk Management Implementation Plan to Risk Management Committee for approval by 30 September 2020	Updated Risk Management Implementation Plan was tabled to Risk Management Committee for approval on 16 September 2020	Target achieved	N/A	N/A	Risk Management Implementation Plan and RMC minutes
Cross Cutting Interventions	CCI-03-20/21-MM-4	Single window of coordination	To proactively identify and address potential risks that may affect the functioning of the organization	Review Business Continuity Plan	88	Reviewed and Council approved Business Continuity Plan	30 June 2020 (Reviewed Business Continuity Plan)	Business Continuity Plan was reviewed	Table Reviewed Business Continuity Plan to council for approval by 30 June 2021	Business Continuity Plan was tabled to EXCO and Council on the 30/06/2021	Target achieved	N/A	N/A	IT Steering Committee minutes, Council resolution, Reviewed Business Continuity Plan
Cross Cutting Interventions	CCI-01-20/21-TS1	Differentiated Approach to Municipal Financing, Planning & Support	To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	89	Reviewed and Council approved Spatial Development framework (SDF)	30 June 2020 (Reviewed Spatial Development framework (SDF))	Spatial Development framework (SDF) reviewed and tabled to council for adoption on 30 June 2020	Review and table Spatial Development framework (SDF) to council for approval by 30 June 2021	Spatial Development framework (SDF) was reviewed and tabled to council for approval on 30 June 2021	Target achieved	N/A	N/A	Inception Report, Draft reviewed SDF, Final Reviewed SDF

Cross Cutting Interventions	CCI-01-20/21-TS2	Differentiated Approach to Municipal Financing, Planning & Support	To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	90	Number of Comprehensive Planning Reports tabled to council	N/A	N/A	4 Comprehensive Planning Reports tabled to council by 30 June 2021	2 Comprehensive Planning Reports tabled to council by 30 June 2021	Target not achieved	The were no contravention notices served, no site visits were conducted and no lease applications were received in quarter one and two, due to covid restrictions, hence there was no report compiled.	The reports of the remaining 2 quarters will be compiled and taken to council for approval.	Reports, Council resolutions
<b>SOCIAL AND ECONOMIC DEVELOPMENT</b>														
Social and Economic Development	SED-01-20/21-TS1	Creation of a conducive and enabling environment for economic growth and development.	To create job opportunities through Expanded Public Works Programme- EPWP	Creation of job opportunities	91	Number of work opportunities created/maintained through EPWP	100 job opportunities created/maintained through EPWP by 30 June 2020	131 job opportunities created/maintained through EPWP by 30 June 2020	Create/maintain 100 job opportunities through EPWP by 30 June 2021	102 job opportunities created/maintained through EPWP by 30 June 2021	Target achieved	N/A	N/A	EPWP Employes data

Social and Economic Development	SED-01-20/21 TS2	Creation of a conducive and enabling environment for economic growth and development.	To create job opportunities through Community Works Programme-CWP	Creation of job opportunities	92	Number of work opportunities created/maintained through CWP	N/A	N/A	Create/maintain 100 job opportunities through CWP by 30 June 2021	1 691 job opportunities created/maintained through CWP by 30 June 2021	Target achieved	N/A	N/A	CWP Employees data
Social and Economic Development	SED-01-20/21 TS3	Single Window of Coordination	To create an environment conducive for investment and economic growth	Review LED Strategy	93	Reviewed and Council approved LED Strategy	30-Jun-20	LED Strategy not adopted	Review and table LED Strategy to Council for approval by 30 June 2021	LED Strategy was not reviewed	Target not achieved	There was no budget allocated to outsource a service provider to do the strategy.	The strategy is now being done in house with the help of EDTEA and COGTA. The 2 departments took different topics that they will do and the LED office also took topics of focus, the strategy will be finalized in the second quarter of the 2021-2022 financial year (December 2021),	LED Strategy and council resolution



# CHAPTER 4

ORGANISATIONAL DEVELOPMENT (PERFORMANCE REPORT PART 2)

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Organisational structure is reviewed annually and has been set out into six (6) effective departments to achieve the Municipality's objectives. There are a number of vacancies requiring personnel within the Office of the Municipal Manager, Corporate Services, Community Services and Technical Services, LED and Planning Departments. Departments struggle with filling critical positions and budget constraints that are being overcome by reviewing the organogram and budget.

One major role that the Human Resources is tasked with is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programmes were implemented in the 2019/2020 financial year and are implemented annually:

- Employee Wellness
- Employee Assistance Program
- Employee Performance Management

**Staff Compliment:** The total number of employees at the end of June 2020/2021 financial year was 157 and the municipality filled 157 positions in the financial year 2019/2020.

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCY RATE

Table 82: Employee Totals, Turnover and Vacancies

Description	Number of Employees				
	2019/2020	Year 2020/2021			
	Employees No.	Approved Posts No.	Employees No.	Approved Posts No.	Employees No.
Water	-	-	-	-	-
Wastewater (Sanitation)	-	-	-	-	-
Electricity	-	-	-	-	-
Waste Management	36	36	43	1	1%
Housing	-	-	-	-	-
Wastewater (Storm water Drainage)	-	-	-	-	-
Roads	9	9	9	-	0%
Transport	12	12	12	-	0%
Management	14	14	14	-	0%
Planning	3	3	3	-	0%
Local Economic Development	1	2	2	-	0%
Planning (Strategic & Regulatory)	2	2	2	-	0%
Community & Social Services	22	22	20	2	2%
Environmental Protection	-	-	-	-	-

Health	-	-	-	-	-
Security & Safety	10	10	10	-	-
Sport & Recreation	1	1	1	-	0%
Corporate Policy Offices and Other	15	15	15	-	0%
<b>Totals</b>	<b>125</b>	<b>133</b>	<b>133</b>	<b>3</b>	<b>3%</b>

**Vacancy Rate:** The posts for the 2020/2021 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in table 91 below.

**Table 83: Number of Filled Positions per Functional Level**

Designation	Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	0	0
Other S57 Managers (Finance Posts)	1	0	0
Police Officers (Traffic Officers)	7	0	10
Fire fighters	10	0	6
Senior management Levels 15 (excluding Finance Posts)	17	0	5
Senior management Levels 15 (Finance Posts)	3	0	1
Highly skilled supervision: Levels 14 (excluding Finance Posts)	13	0	4
Highly skilled supervision: Levels 14 (Finance Posts)	6	0	0
<b>Total</b>	<b>62</b>	<b>0</b>	<b>26</b>

**Turnover Rate:** Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected on the table below.

**Table 84: Turnover Rate**

Turn-over Rate			
	Total Appointment as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
Year -2020/2021	10	5	50%
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year.			



## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

uMhlabyalingana Municipality has developed the following workforce management policies within the 2020/2021 financial year.

### 4.2 POLICIES

Table 85: HR Policies and Plans

Name of Policy	Completed %	Reviewed %	Date adopted by Council
Overtime & Standby Policy	100%	100%	18/05/2016
Occupational Health & Safety Policy	100%	100%	28/08/2015
Subsistence & Travelling Policy	100%	100%	28/07/2016
Work and Attendance Policy	100%	100%	18/05/2016
Termination Policy			
Retention Strategy	100%	100%	18/05/2016
IT Strategy	100%	100%	26/06/2017
Employment Practice Policy	100%	100%	31/03/2015
Delegation of Powers Framework & Delegations Register	100%	100%	31/03/2015
Disciplinary Procedure Policy	100%	100%	06/10/2015
Performance Management Policy & Practice	100%	100%	31/03/2015
Management of Poor Performance Policy	100%	100%	18/12/2015
Records Management Policy	100%	100%	30/06/2017
Business Licensing Policy	100%	100%	18/12/2015
Informal Economy Policy	100%	100%	18/12/2015
Homeowners Policy	100%	100%	06/10/2016
Chronic Policy	100%	100%	31/03/2015
Remuneration Policy	100%	100%	30/12/2016
IT Governance Framework	100%	-	31/03/2016
Telephone Usage Policy	100%	-	28/07/2016
Framework Management Policy	100%	-	31/03/2016
IT Change Management Policy	100%	-	30/03/2017
Patch Management Policy	100%	-	30/03/2017
User Account Management Procedure	100%	-	30/03/2017
Back-up & Restore Policy	100%	-	28/06/2017
IT Risk Management Policy	100%	-	31/05/2016
IT Security Policy	100%	-	28/06/2017
Asset Disposal Policy	100%	-	31/05/2016
Asset Management Policy	100%	-	31/05/2016
Risk Management Policy	100%	-	26/04/2017
Budget Policy	100%	-	31/05/2016
Credit Control and Debt Collection Policy	100%	-	31/05/2016
Indigent Policy	100%	-	30/09/2016
Investment and Cash Management Policy	100%	-	31/05/2016
Pauper Burial Policy	100%	-	31/05/2016

Petty Cash Policy	100%	-	31/05/2016
Rate Policy	100%	-	31/05/2016
Supply Chain Management Policy	100%	-	31/05/2016
Waste Management Bylaws, Waste Management Policy and Waste Management Tariffs	100%	-	30/05/2017
Disaster Recovery Plan	100%		28/06/2017
Communication and Customer Care Policy	100%	-	
Fleet Management Policy	100%	-	26/04/2017
Alcohol and Subsistence	100%	-	26/04/2017
Confidentiality Policy	100%	-	26/04/2017
Acting Policy	100%	-	26/04/2017
Public Usage Policy	100%	-	30/09/2016
In-service Training Policy and Language Policy	100%	100%	30/05/2017
IT Change Management Procedure	100%	-	30/03/2017
IT Performance and capacity Management Policy	100%	-	30/03/2017
User Account Management Policy	100%	-	30/03/2017
User Account Management Procedure	100%	-	30/03/2017
Physical Security and Environmental Controls Policy	100%	-	30/03/2017
Activity Monitoring Policy and Procedure	100%	-	30/03/2017
IT Charter	100%	-	28/06/2017
Backup and Restore Procedure	100%	-	28/06/2017
Telephone & Cellphone Management Policy	100%	-	30/04/2021

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 86: Injuries, Sickness and Suspensions

Designation	Type of Injury	Status
General Worker	Permanent disability	Claim in progress

**Table 87: Number of Days and Cost of Sick Leave**

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employee	Estimated Cost
	Days	%	No.	No.	Days	R'000
Lower skilled (Levels 1-2)	8	-	6	38	21%	4 826
Skilled (Levels 3-5)	30	3	10	25	2%	13 920
Highly skilled production (Levels 6-8)	50	-	40	36	39%	53 827
Highly skilled supervision (Levels 9-12)	31	8	15	37	84%	50 228
Senior management (Levels 13-15)	9	-	9	20	45%	25 841
MM and S57	20	-	2	5	4%	63 582
<b>Total</b>	<b>148</b>	<b>11</b>	<b>82</b>	<b>161</b>	<b>92%</b>	<b>212 224</b>
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

**Table 88: Number and Period of Suspensions**

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

**Table 89: Disciplinary Action Taken on Cases of Financial Misconduct**

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken	Date Finalized
N/A	N/A	N/A	N/A

#### 4.4 PERFORMANCE REWARDS

**Table 90: Performance Rewards by Gender**

Performance Rewards by Gender					
Designations	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2020/2021 R'000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	-	-		-
	Male	-	-		-
Skilled (Levels 3-5)	Female	-	-		-
	Male	-	-		-
Highly skilled production (Levels 6-8)	Female	-	-		-
	Male	-	-		-
Highly skilled supervision (Levels 9-12)	Female	-	-		-
	Male	-	-		-
Senior management (Levels 13-15)	Female	-	-		-
	Male	-	-		-
MM and S57	Female	2	2	R223 556,87	100%
	Male	3	2	R191 291,10	67%
<b>Total</b>				<b>R414 847,97</b>	
Has the statutory municipal calculator been used as part of the evaluation process?					
Note: MSA 2000 S51 (d) requires that... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).					

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.5 SKILLS DEVELOPMENT AND TRAINING

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, uMhlabuyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

**Table 91: Progress Report on Financial Competency Development**

Name	Designation	Start Date	Progress
1. Mr T.S. Mkhabela	Deputy Director: Corporate Services	February 2020	In progress
2. Mr S.N. Zikhali	Deputy Director: Planning & Development	February 2020	In progress
3. Mr S.T. Shange	Director: Community Services	February 2020	In progress
4. Miss K. Bhengu	Manager: Internal Audit	February 2020	In progress
5. Miss S.F. Ndlazi	Manager: Library	February 2020	In progress
6. Mr N.J. Mpontshane	Manager: Performance Management System	February 2020	In progress
7. Mr S.L. Mahaye	Manager: Public Safety	February 2020	In progress
8. Miss Z. Macingwana	Manager: Planning & Development	February 2020	In progress
9. Mr M.N. Mthembu	Manager: IDP	February 2020	In progress
10. Mrs N.F. Mngomezulu	Manager: Waste Services	February 2020	In progress
11. Mr. K.C. Mthembu	Co-ordinator: Youth Development	February 2020	Resigned from programme

**Table 92: Qualification Profile for Leadership, Governance and Managers for 2020/2021**

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total of A and B	Consolidated competency assessments completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidated total number of officials whose performance agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidated total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	15	2	17	-	-	-
Accounting officer	1	-	1	-	-	-
Chief financial officer	1	-	1	1	1	1
Senior Managers	1	-	1	-	-	-
Any other financial officials	-	-	-	-	-	-
Supply Chain Management Officials	4	-	4	-	-	-
Heads of Supply chain management units	1	-	1	-	-	-
Supply chain management senior managers	-	-	-	-	-	-
<b>Total</b>	<b>22</b>	<b>2</b>	<b>25</b>	<b>1</b>	<b>1</b>	<b>1</b>
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						

## Staff and Councillor Training During 2020/2021

Table 93: Training Report - July 2020 to June 2021

Training Courses		
Municipal Councillors		
Beneficiaries	Name of Training Course	Date
Municipal Councillor	Postgraduate in Project Management	October 2020 – June 2021
Municipal Councillor	Certificate in Supply Chain Management	October 2020 – June 2021
Municipal Councillor	Postgraduate Diploma in Public Management	October 2020 – June 2021
Municipal Councillor	Master's in Business Administration	October 2020 – June 2021
Municipal Councillor	Management and Leadership	October 2020 – June 2021
Municipal Councillor	Workshop in HR Policies	October 2020 – June 2021

Training Courses		
Municipal Staff		
Beneficiaries	Name of Training Course	Date
N/A	N/A	N/A

Workshops		
Municipal Councillors		
Beneficiaries	Name of Workshop	Date
All councillors	Workshop on HR Policies	14 October 2020
Cllr. L.E. Mkhwanazi	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. F.G. Mlambo	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. SM. Ndlovu	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. T.J. Nxumalo	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. J.G. Ngubane	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. H.K. Gumede	Workshop on Municipal Terms of Reference	22-23 February 2021
Cllr. K.N. Ngubane	Workshop on Municipal Terms of Reference	22-23 February 2021

Workshops		
Municipal Staff		
Beneficiaries	Name of Workshop	Date
All staff	Workshop on HR Policies	14 October 2020
Miss N.V.F. Msane	Workshop on Municipal Terms of Reference	22-23 February 2021
Mr. T.S. Mkhabela	Workshop on Municipal Terms of Reference	22-23 February 2021
Miss N.R. Mathe	Workshop on Municipal Terms of Reference	22-23 February 2021

**Table 94: Number of Employees Whose Salaries Were Increased Due to Upgrade of Position**

Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	N/A
	Male	N/A
Senior management (Levels 13-15)	Female	N/A
	Male	N/A
MM and S57	Female	N/A
	Male	N/A
Total		
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the number at the right-hand side of the column		

**Table 95: Employees Whose Salary Levels Exceed Grade**

	Designation of Employee	Task Grade Before Job Evaluation	Task Grade Before Job Evaluation
1.	Manager: Waste	15	14
2.	Manager: Special Programmes	15	14
3.	Co-ordinator (Youth Programmes)	15	12
4.	Manager: Fleet	15	14
5.	Senior Clerk: Licensing	10	06
6.	Manager: Library	15	14

**Table 96: Employees Appointed to Posts Not Approved**

Employees Appointed to Posts Not Approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

## Disclosures of Financial Interests

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in Appendix

# CHAPTER 5

FINANCIAL PERFORMANCE



## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Financial performance of uMhlabuyalingana Municipality is analysed using the following 3 main components in this chapter (5)

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

### 5.1 STATEMENT OF FINANCIAL PERFORMANCE

During 20120/2021 financial year, the municipality collected a total revenue of R301 750 032 (2019/20: R228 206 959) and had operating expenses of R239 616 409 (2019/20: R227 060 612) and capital expenditure of R54 728 956 (2019/2020: R29 824 243)

Consultancy fees amounts to R7 615 375 (2019/20: R5 873 888) which is including legal fees, business and advisory services and infrastructure and planning services fees. (Refer to table 155)

**Table 97: Statement of Financial Performance**

Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	Actual Income As % Of Final Budget
<b>Financial Performance</b>					
<b>Revenue from exchange transactions</b>					
Refuse Removal	453 254	624 360	624 360	-	100%
Donations received	-	-	126 638	(126 638)	0%
Licences and permits	5 593 446	2 837 348	3 237 150	(399 802)	114%
Commissions received	31 319	169 027	154 121	14 906	91%
Rental income	394 020	392 713	395 302	(2 589)	101%
Other income	474 750	143 578	350 055	(206 477)	244%
Interest received - Investment	7 178 812	1 582 069	1 995 584	(413 515)	126%
<b>Total revenue from exchange transactions</b>	<b>14 125 601</b>	<b>5 749 095</b>	<b>6 883 210</b>	<b>(1 134 115)</b>	<b>120%</b>
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Property Rates	20 676 181	19 457 649	21 771 606	(2 313 957)	112%
Interest on rate debtors	967 707	967 707	-	967 707	0%

<b>Transfer revenue</b>					
Government grants	238 848 000	272 158 067	272 047 866	110 201	100%
Fines	3 200 488	844 158	1 047 350	(203 192)	124%
<b>Total revenue from non-exchange transactions</b>	<b>263 692 376</b>	<b>293 427 581</b>	<b>294 866 822</b>	<b>1 439 241</b>	<b>101%</b>
<b>TOTAL REVENUE</b>	<b>277 817 977</b>	<b>299 176 676</b>	<b>301 750 032</b>	<b>2 573 356</b>	<b>101%</b>
			-		
<b>Expenditure</b>	-	-	-	-	
Employee Costs	(90 663 618)	(76 267 481)	(76 253 220)	(14 261)	100%
Remuneration of Councillors	(13 878 096)	(12 989 096)	(13,025,998)	(634)	100%
Depreciation and amortisation	(26 171 181)	(24 765 807)	(24 612 965)	(152 842)	99%
Impairment loss	-	(1 295 000)	(1 294 512)	(488)	100%
Finance costs	(106 000)	(1 960 000)	(1 953 209)	(6 791)	100%
Operating lease expense	(600 000)	(2 827 463)	(2 806 020)	(21 443)	99%
Debt Impairment	(5 129 757)	(7 771 747)	(7 771 628)	(119)	100%
Inventory consumed	(1 750 000)	(1 751 000)	(1 750 068)	(932)	100%
Assets Written - Off	-	(905 000)	(911 479)	6 479	101%

Contracted service	(29 152 960)	(49 777 600)	(49 774 079)	(3 521)	100%
Transfer and Subsidies	(2 384 000)	(13 903 047)	(13 887 501)	(15 546)	100%
COVID-19 expenditure	-	(1 999 000)	(1 996 740)	(2 260)	100%
Operational cost	(39 802 366)	(43 701 364)	(43 616 526)	(84 838)	100%
<b>Total Expenditure</b>	<b>(209 637 978)</b>	<b>(239 913 605)</b>	<b>(239 616 409)</b>	<b>(297 196)</b>	<b>100%</b>
<b>Operating Surplus/(Deficit)</b>	<b>(68 179 999)</b>	<b>(59 263 071)</b>	<b>(62 133 623)</b>	<b>(2 870 552)</b>	<b>105%</b>
Actuarial gains/(losses)	-	(415 000)	(412 646)	(2 354)	99%
<b>Surplus/(Deficit for The Year</b>	<b>68 179 999</b>	<b>58 848 071</b>	<b>61 720 977</b>	<b>(2 872 906)</b>	<b>105%</b>
Total capital expenditure	(68 100 000)	<b>(58 973 248)</b>	(54 729 052)	<b>(4 244 196)</b>	93%

## 5.2 FINANCIAL RATIOS FOR 2020/2021

**Asset Management:** the capital expenditure to total expenditure ratio is 19% in 2020/2021 financial year, in 2019/2020 financial year it was 12%. This represents an increase of 7% from 2019/2020 financial year. The norm for this ratio ranges between 10%-20%. The sharp increase is attributable mainly to the completion of projects that were delayed in the previous year.

Repairs and maintenance ratio is 4% in 2020/2021 financial year, in 2019/2020 financial year it was 3%. Although there has been an improvement from the previous financial year the ratio is still below the norm of 8%. This is an indication that the municipality is spending less money on repairs and maintenance to the extent that it could increase impairment of useful lives of assets.

**Debtors Management:** The collection ratio was 74% and below the norm of 95%. This ratio indicates the collection rate which is the level of payment by debtors. This is an indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented.

**Liquidity Management:** The cash /cost coverage ratio indicated that the municipality's ability to meet its monthly fixed operational commitments from cash and short-term investments without collecting additional revenue during the month. Our ratio was 5 months and the norm is 1- 3 months.

The current ratio was used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets which is cash, inventory and receivable.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

During 2020/2021 financial year, the capital expenditure was 93% of the Capital budget. 88% was grant funded and only 12% was funded by internal funds. Capital grants were received from the Municipal Infrastructure Grant (MIG). Some of the capital expenditure incurred in 2020/21 was for the completion of projects that were delayed in the previous year.

### 5.3 CAPITAL EXPENDITURE

Table 98: Capital Expenditure Funding Sources

	2019/20	2020/21				
		Original budget	Adjustment budget	Actual	Act-Org %	Act-Adj. %
<b>Source of Finance</b>						
Grants and subsidies	20 695 459	50 702 000	64 361 614	48 398 874	95%	67%
Other	9 128 784	17 398 000	22 900 001	5 905 840	34%	26%
	<b>29 824 243</b>	<b>68 100 000</b>	<b>87 261 615</b>	<b>54 304 714</b>	<b>80%</b>	<b>62%</b>
<b>Percentage of Finance</b>						
Grants and subsidies	69%	74%	74%	89%		
Other	31%	26%	26%	11%		
<b>Capital Expenditure</b>						
Roads	20 214 207	33 000 000	47 633 829	42 262 255	128%	89%
Community halls, markets and centres	958 343	9 500 000	10 138 240	10 541 570	111%	104%
Other	8 651 693	25 600 000	29 489 546	1 500 889	6%	5%
	<b>29 824 243</b>	<b>68 100 000</b>	<b>87 261 615</b>	<b>54 304 714</b>	<b>80%</b>	<b>62%</b>
<b>Percentage of Expenditure</b>						
Roads	68%	48%	55%	78%		
Community halls and centres	3%	14%	12%	19%		
Other	29%	38%	33%	3%		

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.4 CASH FLOW

Table 99: Cashflow Outcomes

Description	2019/20	2020/21
<b>Cash flow from operating activities</b>		
<b>Receipts</b>		
Cash receipts from customers and others	27 348 904	16 997 730
Government grants	209 684 000	272 043 366
Interest income	4 675 157	1 995 584
Other receipts	2 569 848	3 542 586
	<b>244 277 909</b>	<b>294 579 266</b>
<b>Payments</b>		
Employee costs	(85 086 484)	(89 247 618)
Suppliers	(114 334 273)	(128 840 039)
Interest paid	(336 772)	(1 953 209)
	<b>(199 757 528)</b>	<b>(220 040 866)</b>
<b>Net cash flow from operating activities</b>	<b>44 520 381</b>	<b>74 538 400</b>
<b>Cash flows from investing activities</b>		
Purchase of property plant and equipment	(29 448 987)	(54 702 458)
Purchase of other intangible assets	(375 256)	(26 498)
<b>Net cash flow from investing activities</b>	<b>(29 824 243)</b>	<b>(54 728 956)</b>
Net decrease in cash and cash equivalents	14 696 137	19 809 444
Cash and cash equivalents and the beginning of the year	49 652 113	64 348 250
<b>Cash and cash equivalents and the end of the year</b>	<b>64 348 251</b>	<b>84 157 694</b>

It is important for the municipality to manage its cash flows and maintain its liquidity status to enable it to meet both long- and short-term obligations. Cash flows of the municipality are looking great as there is an increase in the cash balance at the end of the year compared to 2019/20.

## 5.5 BORROWINGS AND INVESTMENTS

Table 100: Municipal and Entity -Investments

Municipal and Entity Investments	2018/2019	2019/2020	2020/2021
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	13 059 626	13 890 938	18 447 951
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	<b>13 059 626</b>	<b>13 890 938</b>	<b>18 447 951</b>
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Entities sub-total	0	0	0
<b>Consolidated total</b>	<b>13 059 626</b>	<b>13 890 938</b>	<b>18 447 951</b>



The municipality does not have borrowings but only has short term investments. Short term investments are made to different banks in different types of investment accounts such as fixed deposits and money market accounts.

## 5.6 PUBLIC-PRIVATE PARTNERSHIPS

**Public-Private Partnerships:** The municipality did not have partnership agreements during 2020/2021 financial year.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.7 SUPPLY CHAIN MANAGEMENT

uMhlabuyalingana Municipality has a centralised SCM Unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements. All the SCM Committees have been established and are functioning properly in the implementation of the SCM Policy.

### 5.8 GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

# CHAPTER 6

AUDITOR GENERAL'S AUDIT FINDINGS

## 6.1 AUDITOR-GENERAL'S REPORT 2020/2021

Auditor-General

Umhlabuyalingana local municipality

Audit report for the year ended 30 June 2021

**Report of the auditor-general to the KwaZulu-Natal Provincial  
Legislature and the council on the Umhlabuyalingana local municipality**

**Report on the audit of the financial statements**

**Opinion**

1. I have audited the financial statements of the Umhlabuyalingana local municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net asset, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umhlabuyalingana local municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).

**Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of matter**

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

**Material impairments – trade debtors**

7. As disclosed in note 30 to the financial statements, the municipality recognised material impairments of R7,77 million (2019-20: R5,97 million) as the recoverability of these amounts was doubtful.

**Other matter**

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

**Unaudited disclosure notes**

9. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

**Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

**Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

14. In accordance with the Public Audit Act 25 of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipalities approved performance-planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery and Infrastructure development priority presented in the municipality's annual performance report for the year ended 30 June 2021.
17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings on the usefulness and reliability of the performance information for the selected development priority are as follows:

### Basic service delivery and infrastructure development

#### Number of Households earning less than R3 350 per month with access to basic free electricity

19. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 520 households earning less than R3 350 per month with access to basic free electricity. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement in the annual performance report for this indicator.

#### Percentage of households with basic refuse removal services

20. I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions for a reported achievement of 2% households with basic refuse removal services or better by 30 June 2021. This was due to a lack of measurement definitions and processes. I was unable to validate the existence of systems and processes by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

#### Other matter

21. I draw attention to the matters below.

#### Achievement of planned targets

22. The annual performance report on pages' x to x sets out information on the achievement of 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 in paragraphs 19 to 20 of this report.

#### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the basic service and infrastructure development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### Report on the audit of compliance with legislation

#### Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the Municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material finding on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and compliance with legislation included in this report.
32. Management's internal controls and processes over the preparation and presentation of financial statements and performance information were not adequate to ensure that the financial statements and performance report were free from material misstatements. Errors could have been prevented had daily controls over recording of property, plant and equipment been monitored. Performance reporting was not adequately reviewed by management to ensure that reported achievements were supported by reliable information.

#### Other reports

33. I draw attention to the following engagements conducted by which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.



34. The KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs commissioned an investigation in relation to alleged irregularities. The investigation relates to contracts that were awarded in the previous years and was conducted in terms of section 106(1)(b) of the Municipal Systems Act of South Africa, 2000 (Act No.32 of 2000). The investigation is currently in progress at the date of this report.
35. In addition, another investigation by HAWKS in relation to alleged misrepresentation by the supplier is currently in progress. This investigation relates to the contracts that were awarded in the previous years.

*Auditor-General*

Pietermaritzburg

30 November 2021



*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Umhlabuyalingana local municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and- to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or the safeguards applied.

## 6.2 AG ACTION PLAN 2020/2021

No.	AFS Component	Criteria/Requirement	AGSA Finding	Root Cause	Remedial Action
<b>Material Findings: Annexure A</b>					
1	<b>Asset confirmed to be completed but included under work in progress</b>	In terms of section 63(2) of the Municipal Finance Management Act, "The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure - (a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality; (b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and (c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.	During the audit of property, plant and equipment, it was confirmed that the below mentioned project has been completed as per inspection of the completion certificate, however, the project is being recorded as part of work in progress and has not been transferred out of work in progress as a completed asset, further more upon visit of the asset it was noted that the asset was already being used which also support the indication that assets is not in progress. As a result, the work in progress is overstated by R9 475 297.82 and property, plant and equipment is overstated by R9 475 297.82.	1.Lack of proper review of supporting schedules to the AFS 2. Inadequate skills in applying GRAP	1.Conduct a proper review of AFS and supporting schedules; 2. Officials will take GRAP refresher courses, and 3. Prepare quarterly financial statements.
2	<b>Inaccurate presentation and disclosure of work in progress and property, plant and equipment</b>	In terms of section 63(2) of the Municipal Finance Management Act, "The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure - (c) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;	During the testing of work in progress, it was noted that a completed asset was transferred out of work in progress but not included as a complete asset on the fixed asset register. The inaccurate and incomplete disclosure within the financial statements results in an understatement of property, plant and equipment.	Inadequate review of AFS and supporting schedules	1.Conduct a proper review of AFS and supporting schedules; 2. Officials will take GRAP refresher courses, and 3. Prepare quarterly financial statements

		(d) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice.			
<b>Audit of Performance Information</b>					
<b>4</b>	<b>Indigent register not accurately updated</b>	<p>As per indigent policy 4.1 (j) The account holder or property owner of a household may formally apply on the prescribed application forms for the relief and once approved, will qualify for the indigent support according to the prescribed criteria/principles laid down by the council. After the application form has been completed, an effective and efficient evaluation system should be used in order to obtain the outcome within a reasonable time determined by the council.</p> <p>(k) Indigent is to be awarded per household and not per person.</p> <p>5. Households whose verified total gross monthly income of all occupants over the age of 18 years that does not exceed the amount determined by the council which is R3500 excluding child and foster grand per month i.e. two current monthly social assistance grant payable per person by the department of welfare will qualify for assistance on</p> <p>(i) Refuse charges (ii) Electricity</p> <p>5.3 Indigent support will not apply in respect of households which own more than one property.</p>	<p>We have identified the following issues during the audit of indigent register.</p> <p>(a) During the audit of indigent support and per enquire with management it was identified that the municipality does not have any application of all the individuals listed in the indigent register. there is no evidence that the household's total gross monthly income was verified as required by the policy. We could not verify if all the households listed in the indigent register qualify for the indigent support.</p> <p>b) We selected a sample of the household that received the free basic electricity per ESKOM report and traced them to the approved indigent register. The following households received the free basic electricity however they were not listed in the indigent register.</p> <p>Impact</p> <p>A) Indicator 24: Number of Households earning less than R3 350 per month with access to basic free electricity</p> <p>i) There is no evidence that the households total gross monthly income was verified, as a result</p>	<p>1. Inadequate internal controls in the indigent policy; 2. Non- adherence to the current policy; and 3. Lack of understanding of the indigent policy and process</p>	<p>1. Management to update Fixed Assets Management Policy; and 2. Management to update accounting policies in the AFS.</p>

			we couldn't confirm the validity of the indicator. B) All the expenditure incurred for free electricity must be recorded as fruitless and wasteful expenditure.		
<b>Other Important Matters- Annexure B</b>					
<b>5</b>	<b>Identity numbers duplicated on the Indigent Register</b>	<p>As per indigent policy 4.1 (j) The account holder or property owner of a household may formally apply on the prescribed application forms for the relief and once approved, will qualify for the indigent support according to the prescribed criteria/principles laid down by the council. After the application form has been completed, an effective and efficient evaluation system should be used in order to obtain the outcome within a reasonable time determined by the council.</p> <p>(K) Indigent is to be awarded per household and not per person.</p> <p>5. Households whose verified total gross monthly income of all occupants over the age of 18 years that does not exceed the amount determined by the council which is R3500 excluding child and foster grand per month i.e. two current monthly social assistance grant payable per person by the department of welfare will qualify for assistance on</p> <p>(i) Refuse charges (ii) Electricity</p>	<p>We have identified the following issues during the audit of indigent register.</p> <p>(a) Upon inspecting the indigent register we identified that there are duplicated ID numbers which indicate that there are households that received free electricity twice per month. The following table show the duplicate identified.</p> <p>The annual performance report for year ended 30 June 2021 reported 520 households assisted with free basic service electricity, and we re-calculated the number of households in the indigent register taking into account the duplicate above (less), and we identified the following differences.</p> <p>Reported achievement per APR Recalculated per register less duplicate=Differences 520 - 512= 8</p> <p>There the indicator No.26 "Number of Households earning less than R3 350 per month with</p>	<p>1. Use of incorrect register (i.e. information used was generated by consultants); 2. Inadequate resources and skills in implementing the indigent policy; and 3. Inadequate review of portfolios of evidence to support reported performance in the annual performance report.</p>	<p>1. Conduct an investigation on duplicate ID numbers; 2. Provide training to officials to capacitate them in understanding the indigent policy/process; and 3. Conduct proper review of quarterly performance reports and APR.</p>

		5.3 Indigent support will not apply in respect of households which own more than one property.	access to basic free electricity” is not accurately reported.		
6	Related parties transactions and balances not disclosed	GRAP 20 paragraph 02 An entity that prepares and presents financial	During the review of financial statement, it was noted that	1.Non-adherence to code of conduct by councillors; and	1.Develop a comprehensive declaration of interest form;
9	<b>Contract overpayment</b>	<p>Section 116(3) of Municipal Finance Management Act (MFMA) states that A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—</p> <p>a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and</p> <p>b) the local community—</p> <p>i) has been given reasonable notice of the intention to amend the contract or agreement; and</p> <p>ii) has been invited to submit representations to the municipality or municipal entity.</p> <p>Section 38 Combating of abuse of supply chain management system</p> <p>(a) to take all reasonable steps to prevent such abuse;</p> <p>(b) to investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the supply chain management policy, and when justified—</p>	<p>The following overpayment were identified during the audit of contracts and commitments. The SCM documents were requested in RFI 5 (i.e. variation orders, extension, etc.) sent in 01/10/2021, however there was no evidence submitted showing that the following contracts were extended or any variation orders that were made.</p> <p>This result in non-compliance and irregular expenditure</p>	Poor management of capital projects.	<p>1. Prior to payment conduct verification of project (i.e actual work on the ground vs progress documented on the progress report submitted by engineer);</p> <p>2. Circulate inter-departmental transaction register;</p> <p>3. Re-establish project Management office (PMU); and</p> <p>4. Variation orders to be done at an organizational level</p>

		(i) take appropriate steps against such official or other role player; or (ii) report any alleged criminal conduct to the South African Police Service;			
10	<b>Financial statements of the municipality does not have no accounting policy relating to segment reporting</b>	GRAP 18 Paragraph 5 defines A segment is an activity of an entity as: (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and (c) for which separate financial information is available.  GRAP 18 Segments reporting standard was effective from April 2017.	During the audit it was noted that the Municipality does not have accounting policies relating to segments reporting.	Non- adherence to legislative requirements.	1. Amend AFS to include the missing note; and 2. Download new standards to be implemented.
11	<b>Award to person with conflict of interest.</b>	In terms of Municipal Supply Chain Management Regulations GNR 868 30 May 2005(MSCMR) paragraph 13(c) on General preconditions for consideration of written quotations or bids states that, a supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has indicated the following: a. whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;	Our CAATs have identified that the following supplier have conflict of interest as specified below, upon inspecting the MBD4 it was identified that all the suppliers signed the declaration to confirm that they do not have such interest:	1. Non-adherence to code of conduct by officials and councillors (i.e they do not declare their interests); 2. Interest of declaration form is insufficient (i.e the form is limited only to the employees regarding close family members or associates is required); and 3.Suppliers submit false declarations to the municipality.	1.Develop a comprehensive declaration of interest form as per code of conduct; 2. Notify the suppliers in writing of their transgression of submitting false declarations and the consequences thereof; 3. Make use of CSD to pick up suppliers who are in the service of the state; and 4.The municipality will workshop the code of conduct to all employees and councillors.

		d. if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve months; or e. whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months."			
<b>Annexure C- Administrative Matters</b>					
<b>12</b>	<b>Late submission of the approved procurement plan to Treasury</b>	In terms of the MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 and KZN Municipal Amended Circular 04 of 2018/2019; "The accounting officer or accounting authority must- Submit an approved annual procurement plan to the relevant Treasury by 30 June of each year. Align the procurement plan with the institution's budget and annual performance plan for a specific financial year."	During planning of the audit of uMhlabuyalungana Municipality, it was noted that the procurement plan which is required to be submitted to the relevant Treasury on the 30th of June was submitted on the 26th of Nov 2020 which is after the required date (30 June).  This will result in non-compliance with Treasury guidelines on budgets.	1.Non-adherence to reporting requirements as per legislation (MFMA); and 2. Short comings of the compliance checklist issues.	1.Issue procurement plan MEMO to departments together with budget needs; 2. Submit the final procurement plan together with the budget; and 3. Amend compliance checklist to include legislative reporting requirements.
<b>13</b>	<b>Bidders who were appointed were not published on the municipality website</b>	Publication of awards in respect of advertised competitive bids (above the threshold value of R200 000)  In terms of Section 75 (1) (g) of the MFMA prescribes that the accounting officer of a municipality must place on the website all supply chain management contracts above a prescribed value. Municipal Supply Chain Management Regulation 23 (c) requires of accounting officers of	a) Upon inspecting the municipality website and per enquiry with the management it was identified that the following appointed bidders were not published on the website as required by the act:  Tender name Supplier name Contract (order) amount	1.Inadequate internal controls; and 2. Non- adherence to legislative requirements.	Amend reporting template to include a column of BBBEE.



		<p>municipalities and municipal entities to publish their bid results on the website. This relates to bids above R200 000 (including all applicable taxes).</p> <p>The following information on the successful bids must be made available on the municipal or municipal entity's website:</p> <p>(a) Contract numbers and description of goods, services or infrastructure projects;</p> <p>(b) Names of the successful bidder(s) and the B-BBEE level of contribution claimed;</p> <p>(c) The contract price(s); and</p> <p>(d) Brand names and dates for completion of contracts.</p> <p>Records of such publication must be retained for audit purposes.</p>	<p>Consultant for Manguzi Multi-Purpose Blacktop - Simphulwazi Engineers;</p> <p>Consultant for Ekuthukuzeni Access Road - Simphulwazi Engineers;</p> <p>Consultant for Ward 5 Access Road - BYJ Consulting Engineers;</p> <p>Consultant for Kwashodi Access Road – DLY Project Managers;</p> <p>Spatial Development Framework - TPS Development Projects;</p> <p>Construction of Ekuthukuzeni Gravel Road - Abram Mashego Construction;</p> <p>Construction of Manzengwenya Gravel Road - Siyaroro Trading;</p> <p>Construction of Thandizwe Blacktop Road - SNX Contractors;</p> <p>Construction of Ward 5 Gravel Road - Ze Nxumalo Transport;</p> <p>Consultant for Zama-Zama Sportsfield DLV Project Managers;</p> <p>Containerised fish processing facility and aquaculture farms near kosi bay boarder to supply the facility with fish - Thonga Investment Holding.</p> <p>b) Upon inspecting the municipality's website, it was identified that the information about the winning bidders listed above were disclosed in the intention to award, however the information disclosed was not sufficiently disclosed, the following were not disclosed.</p>		
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			<ul style="list-style-type: none"> <li>- The B-BBEE level of contribution claimed</li> <li>- Brand names and dates for completion of contracts.</li> </ul>		
14	<b>Acquisitions above R30 000 were not advertised on the website for at least 7 days</b>	<p>In terms of paragraph 19 of SCM policy state that; The procedure for the procurement of goods or services through formal written price quotations is as follows:</p> <p>(a) All acquisitions in excess of R30 000 that are made by means of price quotations, must be advertised by the Supply Chain Management Unit for at least 7 (seven) calendar days on the website and official notice board, and 80/20 preference point system is applicable.</p>	<p>During the audit of SCM it was identified the acquisition above R30 000 were not advertised in the municipality's website as required by the policy.</p> <p>Even though it was determined that the municipality used noticed board to invite the potential suppliers, the country was on COVID-19 national disaster lock down and therefore it was not reasonable for the municipality to use the notice board as the matter of advertising the procurements as not all suppliers got the chance to visit municipality's office at that time.</p> <p>The municipality did not give all the potential suppliers a chance to quotes for the procurements of the goods/service below R200 000, especial given that the country was on national lockdown.</p>	1.Non- adherence to the current SCM policy	<p>1.Include a SCM checklist with all the compliance requirements; and</p> <p>2. Implement SCM policy</p>
15	<b>List all the quotations received not provided for audit</b>	As per municipal supply chain management regulation paragraph 16. Written or verbal quotation - A SCM policy must stipulate the condition for the procurement of goods or service through written or quotations, which must include conditions stating:	During the audit of SCM, it was concluded that there were no reports that were prepared which list all the quotations received for a particular awards or quotation register showing all the quotes received for each award. Therefore, we are not able to confirm if all the	1.Non- adherence to legislative requirements	1. Record all quotations received on the quotation register

		<p>d) that the accounting office must record the names of the potential providers requested to provide such quotations with their quoted price.</p> <p>uMhlabyalingana SCM policy paragraph 19. The procedures for the procurement of good or service through formal written price quotations is as follows:</p> <p>a) All acquisitions in excess of R30 000 that are made by means of price quotations, must be advertised by the Supply Chain Management Unit for at least 7 (seven) calendar days on the website and official notice board, and 80/20 preference point system is applicable.</p> <p>e) The Accounting Officer or Chief Financial Officer must on a monthly basis be notified in writing of all formal written quotations accepted by an official acting in terms of a sub delegation.</p> <p>h) A proper record keeping of the received written quotations must be maintained.</p>	quotations received were evaluated.		
16	<b>B-BBEE point system allocated to suppliers with no B-BBEE certificate</b>	<p>Preferential procurement policy framework act, paragraph 6 (3) state that No points were awarded for B-BBEE status level if the bidder did not submit proof of its B-BBEE status level.</p> <p>National Treasury SCM Circular 5 of 2016/17 state that Proof of B-BBEE status level</p> <p>(a) a B-BBEE status level certificate issued by an authorized body or person;</p>	For the following there was no proof of B-BBEE submitted, however the winning supplier was allocated 20 points in the evaluation.	1. Non- adherence to legislative requirements.	Make use of CSD to obtain BBBEE level.

		(b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or (c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act			
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### 6.3 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

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Umhlabuyalingana Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2021

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### General Information

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<b>Legal form of entity</b>	Municipality KZN 271
<b>Nature of business and principal activities</b>	The main purposes of the municipality is to engage in local governance activities which include planning and promotions of integrated development planning, economic and environmental development and supplying of services to the community.
<b>Mayoral committee</b>	
Mayor	Cllr. NS Mthethwa
Deputy mayor	Cllr. FG Mlambo
Speaker	Cllr. BT Tembe
<b>Grading of local authority</b>	Medium capacity municipality
<b>Accounting Officer</b>	Mrs. NP Gamede
<b>MPAC Chairperson</b>	Cllr. SP Mthethwa
<b>Chief Finance Officer (CFO)</b>	Mr. NPE Myeni
<b>Ordinary Executive members</b>	Cllr. BN Ntsele Cllr. SN Tembe Cllr. MD Mathenjwa Cllr. MZ Mhlongo Cllr. ZM Mhlongo
<b>Registered office</b>	Municipal Building Kwangwanase 3973
<b>Postal address</b>	Private Bag X 901 Kwangwanase 3973
<b>Bankers</b>	First National Bank of South Africa
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Attorneys</b>	AP Shangase Associates

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### General Information

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#### List of councilors in office

Cllr. KO Tembe  
Cllr. TN Magagula  
Cllr. LD Tembe  
Cllr. M Mthembu  
Cllr. SG Nxumalo  
Cllr. GS Mthembu  
Cllr. DA Tembe  
Cllr. MI Mthembu  
Cllr. N Vumase  
Cllr. JB Gwala  
Cllr. NJ Ndabeni  
Cllr. NC Mdletshe  
Cllr. EG Mhlongo  
Cllr. JE Sithole  
Cllr. BC Zikhali  
Cllr. SM Ndlovu  
Cllr. TS Myeni  
Cllr. LE Mkhwanazi  
Cllr. JG Ngubane  
Cllr. SS Gumede  
Cllr. BJ Tembe  
Cllr. MD Matherijwa  
Cllr. TL Mlambo  
Cllr. HK Gumede  
Cllr. TS Khumalo  
Cllr. TJ Nxumalo  
Cllr. ET Nxumalo

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Index

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The reports and statements set out below comprise the annual financial statements presented to the council:

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COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice
MAP	Municipal Assistant Programme
FMG	Finance Management Grant
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councilors as disclosed in note 27 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

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Accounting Officer  
Mrs. NP Gamede

Tuesday, 31 August 2021

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	282 312	189 463
Receivables from non-exchange transactions	9	9 787 162	10 015 480
Receivables from exchange transactions	8	582 252	706 591
Cash and cash equivalents	10	84 157 693	64 348 250
		<b>94 809 419</b>	<b>75 259 784</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	334 189 042	305 543 912
Intangible assets	4	592 526	902 731
		<b>334 781 568</b>	<b>306 446 643</b>
<b>Total Assets</b>		<b>429 590 987</b>	<b>381 706 427</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	5	-	11 410
Payables from exchange transactions	13	17 045 455	13 492 109
VAT payable	14	932 722	400 459
Employee benefit obligation	6	230 821	31 789
Unspent conditional grants and receipts	11	1 986 394	17 639 112
Provisions	12	1 878 455	1 735 087
INEP liability	52	-	4 054 694
		<b>22 073 847</b>	<b>37 364 660</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	6	3 137 595	2 486 593
Provisions	12	22 082 993	21 279 599
		<b>25 220 588</b>	<b>23 766 192</b>
<b>Total Liabilities</b>		<b>47 294 435</b>	<b>61 130 852</b>
<b>Net Assets</b>		<b>382 296 552</b>	<b>320 575 575</b>
Accumulated surplus		382 296 552	320 575 575
<b>Total Net Assets</b>		<b>382 296 552</b>	<b>320 575 575</b>

\* See Note 40 & 39

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	15	624 360	624 360
Donations received	24	126 638	-
Licences and permits	18	3 237 150	2 291 920
Commissions received	16	154 121	91 728
Rental income	19	395 302	380 484
Other income	20	350 055	1 006 784
Interest received - investment	21	1 995 584	4 675 157
<b>Total revenue from exchange transactions</b>		<b>6 883 210</b>	<b>9 070 433</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	22	21 771 606	21 114 011
Interest on Rates - Debtors		-	678 165
<b>Transfer revenue</b>			
Government grants & subsidies	23	272 047 866	196 467 450
Fines, Penalties and Forfeits	17	1 047 350	876 900
<b>Total revenue from non-exchange transactions</b>		<b>294 866 822</b>	<b>219 136 526</b>
<b>Total revenue</b>		<b>301 750 032</b>	<b>228 206 959</b>
<b>Expenditure</b>			
Employee related costs	25	(76 253 220)	(72 060 486)
Remuneration of councillors	26	(12 988 462)	(13 025 998)
Depreciation and amortisation	27	(24 612 965)	(23 096 814)
Impairments	28	(1 294 512)	(1 427 656)
Finance costs	29	(1 953 209)	(2 305 434)
Lease rentals	35	(2 806 020)	(2 901 127)
Debt Impairment	30	(7 771 628)	(5 974 581)
Inventory consumed	7	(1 750 068)	(2 747 636)
Assets write off	31	(911 479)	(2 539 836)
Contracted services	32	(49 774 079)	(46 869 260)
Transfers and Subsidies	34	(13 887 501)	(6 098 658)
Covid 19 expenditure	7	(1 996 740)	(2 525 725)
<b>Operational cost</b>	33	<b>(43 616 526)</b>	<b>(45 487 401)</b>
<b>Total expenditure</b>		<b>(239 616 409)</b>	<b>(227 060 612)</b>
Actuarial gains/losses	6	(412 646)	(56 716)
<b>Surplus for the year</b>		<b>61 720 977</b>	<b>1 089 631</b>

\* See Note 40 & 39

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	318 890 827	318 890 827
Adjustments		
Prior year adjustments	595 117	595 117
<b>Balance at 01 July 2019 as restated*</b>	<b>319 485 944</b>	<b>319 485 944</b>
Changes in net assets		
Surplus for the year	1 089 631	1 089 631
Total changes	1 089 631	1 089 631
<b>Restated* Balance at 01 July 2020</b>	<b>320 575 575</b>	<b>320 575 575</b>
Changes in net assets		
Surplus for the year	61 720 977	61 720 977
Total changes	61 720 977	61 720 977
<b>Balance at 30 June 2021</b>	<b>382 296 552</b>	<b>382 296 552</b>
Note(s)		

\* See Note 40 & 39

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from customers and other		16 997 730	27 348 904
Grants		272 043 366	209 684 000
Interest income		1 995 584	4 675 157
Other receipts		3 542 586	2 569 848
		<u>294 579 266</u>	<u>244 277 909</u>
<b>Payments</b>			
Employee costs		(89 247 618)	(85 086 484)
Suppliers		(128 840 039)	(114 334 273)
Interest Paid		(1 953 209)	(336 772)
		<u>(220 040 866)</u>	<u>(199 757 529)</u>
<b>Net cash flows from operating activities</b>	<b>36</b>	<b>74 538 400</b>	<b>44 520 380</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(54 702 458)	(29 448 987)
Purchase of other intangible assets	4	(26 498)	(375 256)
<b>Net cash flows from investing activities</b>		<b>(54 728 956)</b>	<b>(29 824 243)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>19 809 444</b>	<b>14 696 137</b>
Cash and cash equivalents at the beginning of the year		64 348 250	49 652 113
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>84 157 694</b>	<b>64 348 250</b>

\* See Note 40 & 39

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Refuse Removal	453 254	171 106	624 360	624 360	-	
Donations received	-	-	-	126 638	126 638	
Licences and permits	5 593 446	(2 756 098)	2 837 348	3 237 150	399 802	Note 48.1
Commissions received	31 319	137 708	169 027	154 121	(14 906)	Note 48.2
Rental income	394 020	(1 307)	392 713	395 302	2 589	
Other income	474 750	(331 172)	143 578	350 055	206 477	Note 48.3
Interest received - Investment	7 178 812	(5 596 743)	1 582 069	1 995 584	413 515	Note 48.4
<b>Total revenue from exchange transactions</b>	<b>14 125 601</b>	<b>(8 376 506)</b>	<b>5 749 095</b>	<b>6 883 210</b>	<b>1 134 115</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	20 676 181	(1 218 532)	19 457 649	21 771 606	2 313 957	
Interest on rate debtors	967 707	-	967 707	-	(967 707)	

##### Transfer revenue

Government grants	238 848 000	33 310 067	272 158 067	272 047 866	(110 201)	
Fines	3 200 488	(2 356 330)	844 158	1 047 350	203 192	Note 48.5
<b>Total revenue from non-exchange transactions</b>	<b>263 692 376</b>	<b>29 735 205</b>	<b>293 427 581</b>	<b>294 866 822</b>	<b>1 439 241</b>	

<b>Total revenue</b>	<b>277 817 977</b>	<b>21 358 699</b>	<b>299 176 676</b>	<b>301 750 032</b>	<b>2 573 356</b>	
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##### Expenditure

Employee related cost	(90 663 618)	14 396 137	(76 267 481)	(76 253 220)	14 261	Note 48.6
Remuneration of councilors	(13 878 096)	889 000	(12 989 096)	(12 988 462)	634	
Depreciation and amortisation	(26 171 181)	1 405 374	(24 765 807)	(24 612 965)	152 842	
Impairment loss	-	(1 295 000)	(1 295 000)	(1 294 512)	488	
Finance costs	(106 000)	(1 854 000)	(1 960 000)	(1 953 209)	6 791	Note 48.8
Operating lease expense	(600 000)	(2 227 463)	(2 827 463)	(2 806 020)	21 443	
Debt Impairment	(5 129 757)	(2 641 990)	(7 771 747)	(7 771 628)	119	Note 48.7
Inventory consumed	(1 750 000)	(1 000)	(1 751 000)	(1 750 068)	932	
Assets Written - Off	-	(905 000)	(905 000)	(911 479)	(6 479)	Note 48.9
Contracted service	(29 152 960)	(20 624 640)	(49 777 600)	(49 774 079)	3 521	
Transfer and Subsidies	(2 384 000)	(11 519 047)	(13 903 047)	(13 887 501)	15 546	
COVID-19 expenditure	-	(1 999 000)	(1 999 000)	(1 996 740)	2 260	Note 48.11
Operational cost	(39 802 366)	(3 898 998)	(43 701 364)	(43 616 526)	84 838	
<b>Total expenditure</b>	<b>(209 637 978)</b>	<b>(30 275 627)</b>	<b>(239 913 605)</b>	<b>(239 616 409)</b>	<b>297 196</b>	
<b>Operating surplus</b>	<b>68 179 999</b>	<b>(8 916 928)</b>	<b>59 263 071</b>	<b>62 133 623</b>	<b>2 870 552</b>	
Actuarial gains/losses	-	(415 000)	(415 000)	(412 646)	2 354	
<b>Surplus before taxation</b>	<b>68 179 999</b>	<b>(9 331 928)</b>	<b>58 848 071</b>	<b>61 720 977</b>	<b>2 872 906</b>	
<b>Surplus for the year excluding capital expenditure</b>	<b>68 179 999</b>	<b>(9 331 928)</b>	<b>58 848 071</b>	<b>61 720 977</b>	<b>2 872 906</b>	
Capital Expenditure	(68 100 000)	9 126 752	(58 973 248)	(54 729 052)	4 244 196	Note 49.1

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## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Comparison of Budget and Actual amounts</b>	<b>79 999</b>	<b>(205 176)</b>	<b>(125 177)</b>	<b>6 991 925</b>	<b>7 117 102</b>	

### Accounting Policies

Figures in Rand	Note(s)	2021	2020
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#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

These accounting policies are consistent with the previous period.

##### 1.1 Presentation currency

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

##### 1.2 Going concern assumption

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

##### 1.3 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

##### Trade receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

#### Provisions, contingent liabilities

Management's judgment is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material, the using cost of capital. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

#### Provisions for Landfill site

The entity has an obligation to rehabilitate its landfill site in terms of its licence stipulations. Provision is made for this obligation based on the size/ extent of the land to be rehabilitated and the rehabilitation period.

#### Useful lives of waste and water network and other assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. This was performed on an individual basis as well as per service-identifiable categories across all classes.

#### Effective interest rate

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

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow

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

Additional information is disclosed in Note 52.



## Umhlalbuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Policies

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#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### Impairment of statutory receivables

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

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

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

##### Post retirement benefit

The cost of long services awards benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	20 -30 years
Boreholes	Straight-line	20 years
Mobile clinics	Straight-line	30 years
Furniture and fixtures	Straight-line	7 - 10 years
Motor vehicles	Straight-line	5 - 7 years
Office equipment	Straight-line	3 - 7 years
IT equipment	Straight-line	3 - 7 years
Creche	Straight-line	30 years
Infrastructure	Straight-line	3 - 30 years
Roads and Paving	Straight-line	20 years
Roads and Water	Straight-line	3 - 10 years
Gravel roads	Straight-line	10 years
Community Halls	Straight-line	30 years
Bins and containers	Straight-line	15 years
Libraries	Straight-line	30 years
Fence	Straight-line	5 - 10 years
Gates	Straight-line	5 - 10 years
Jojo Tanks	Straight-line	30 years
Park facilities	Straight-line	10 years
Landfill sites	Straight-line	30 years
Leased Office Equipment	Straight-line	5 years
Specialised vehicles	Straight-line	10 years
Special Plant and Equipment	Straight-line	10 - 15 years
Street lights	Straight-line	10 - 25 years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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#### 1.4 Property, plant and equipment (continued)

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

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

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

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

#### 1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years
Other Intangible assets	Straight-line	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

## Umhlabuyalingana Local Municipality

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### Accounting Policies

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#### 1.5 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

#### 1.6 Financial instruments

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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**1.6 Financial instruments (continued)**

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

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

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

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#### 1.6 Financial instruments (continued)

##### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Receivables and exchange transactions	Financial asset measured at amortised cost
Receivables and non-exchange transactions	Financial asset measured at amortised cost
VAT Receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

##### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus in case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to acquisition or issue.

Transaction costs on financial instruments at fair value through surplus or loss are recognised in surplus or loss.

##### Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or loss for the period.

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

##### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets; (individually for all significant debtors account and collectively for other debtors with similar credit risk characteristics), other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or loss.

#### 1.7 Statutory receivables

##### Identification

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### Accounting Policies

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#### 1.7 Statutory receivables (continued)

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

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

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

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

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

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#### 1.8 Leases (continued)

##### Finance leases - lessee

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

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

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

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

##### Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

##### Operating leases - lessee

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



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#### 1.9 Inventories

Inventories comprise current assets, consumption or distribution during the ordinary course of business.

Inventories shall be 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
- the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their present location and condition.

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

Inventories held for sale in the ordinary course of business are valued at the lower of cost and net realisable value, or where unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Inventories held for consumption, distribution, consumables stores, raw materials, are valued at lower of cost or net replacement cost.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The first-in-first-out method is the basis of allocating costs to inventories, except for water balance which is determined at weighted average cost at the reporting date based on the water volume in the network on hand.

Redundant and slow-moving inventories are identified and written down to the estimated net realisable value, and are recognised as an expense in the period in which the write-down or loss occurs. Inventories identified for write-down/write-off, but for which a council resolution, to authorise the write-down/write-off, has not yet been obtained, is provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.10 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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#### 1.10 Impairment of non-cash-generating assets (continued)

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

#### 1.11 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

##### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

## Umhlabuyalingana Local Municipality

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#### 1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

## Umhlabuyalingana Local Municipality

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### Accounting Policies

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#### 1.12 Provisions and contingencies (continued)

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

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

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

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

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

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

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

#### 1.13 Revenue from exchange transactions

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

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

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

##### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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#### 1.13 Revenue from exchange transactions (continued)

##### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

##### Interest income

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

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

Interest is recognised using the effective interest rate method.

#### 1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

##### Recognition

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

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

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#### 1.14 Revenue from non-exchange transactions (continued)

##### Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

##### Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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

##### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

##### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

#### 1.15 Investment income

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

#### 1.16 Borrowing costs

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

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

#### 1.17 Accounting by principals and agents

##### Identification

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

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Policies

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#### 1.17 Accounting by principals and agents (continued)

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

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

##### Identifying whether an entity is a principal or an agent

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

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

##### Binding arrangement

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

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

##### Assessing which entity benefits from the transactions with third parties

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

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

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

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

##### Recognition

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

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

#### 1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

## Umhlalbuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Policies

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#### 1.19 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure, in relation to a municipality, means-

- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act and which has not been condoned in terms of section 170(25)
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of the Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act 30 No. 20 of 1998) or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in 35 terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Accounting Policies

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#### 1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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## Umhlabyalingana Local Municipality

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### Accounting Policies

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#### 1.28 Commitments

Items are classified as commitments where the municipality commits itself into future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments;
- Where the expenditure has been approved and the contract has been awarded at the reporting date; and
- Where disclosure is required by specific GRAP standard.

The municipality will disclose authorised capital expenditure, that which has been approved and contracted for. Outstanding operating lease commitments owing by the municipality and the periods in which payments fall due will also be disclosed.

Commitments are disclosed under note 37 of the annual financial statements.

#### 1.29 Contracted Services

Contracted Services are distinguish between Outsourced Services, Contractors and Professional and Special Services.

##### Outsourced Services

The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs. In evaluating the classification of outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.

##### Consultants and Professional Services

Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programs. The legal status of this person can be an individual a partnership or a corporation. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advice or service is in line with a contractual arrangement. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. This category consists of groups for "Business and Advisory Services", "Infrastructure and Planning", "Laboratory" and "Legal Service".

##### Contractors

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified.

#### 1.30 Value Added Tax (VAT)

The municipality accounts for VAT on cash basis.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

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## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 108: Statutory Receivables</li></ul>	01 July 2020	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 104 (amended): Financial Instruments</li><li>Guideline: Guideline on Accounting for Landfill Sites</li><li>GRAP 110 (as amended 2016): Living and Non-living Resources</li><li>GRAP 32: Service Concession Arrangements: Grantor</li></ul>	<ul style="list-style-type: none"><li>01 April 2022</li><li>01 April 2022</li><li>01 April 2021</li><li>01 April 2021</li></ul>	<ul style="list-style-type: none"><li>Unlikely there will be a material impact</li><li>Unlikely there will be a material impact</li><li>Unlikely there will be a material impact</li><li>Unlikely there will be a material impact</li></ul>

**Umhlabyalingana Local Municipality**  
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**3. Property, plant and equipment**

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	658 992	(658 992)	-	658 992	-	658 992
Buildings	39 592 054	(14 477 554)	25 114 500	39 033 064	(13 168 623)	25 864 441
Infrastructure assets	437 705 454	(144 788 630)	292 915 824	392 725 059	(129 262 393)	263 462 666
Other property, plant and equipment	31 017 181	(14 858 483)	16 158 698	25 820 849	(10 263 066)	15 557 783
<b>Total</b>	<b>508 972 681</b>	<b>(174 783 639)</b>	<b>334 189 042</b>	<b>458 237 994</b>	<b>(152 694 082)</b>	<b>305 543 912</b>

**Reconciliation of property, plant and equipment - 30 June 2021**

	Opening balance	Additions	Additions through WIP	Donated assets	WIP Transfers received	WIP Transfers	Write off	Change in estimate	Revaluation	Depreciation	Impairment loss	Total
Land	658 992	-	-	-	-	-	(658 992)	-	-	-	-	-
Buildings	25 864 471	196 500	362 460	-	-	-	-	-	-	(1 308 911)	-	25 114 520
Infrastructure assets	263 462 666	-	52 803 890	-	60 720 772	(60 720 772)	(54 529)	298 288	(1 823 466)	(20 476 513)	(1 294 512)	292 915 824
Other property, plant and equipment	15 557 783	1 339 608	-	128 638	-	-	(197 816)	-	1 823 466	(2 490 981)	-	16 158 698
	<b>305 543 912</b>	<b>1 536 108</b>	<b>53 166 350</b>	<b>128 638</b>	<b>60 720 772</b>	<b>(60 720 772)</b>	<b>(911 337)</b>	<b>298 288</b>	<b>-</b>	<b>(24 276 405)</b>	<b>(1 294 512)</b>	<b>334 189 042</b>

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**Umhlabyalingana Local Municipality**  
Annual Financial Statements for the year ended 30 June 2021

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**3. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2020**

	Opening balance	Additions	Additions through WIP	WIP Transfers received	WIP Transfers	Change in accounting estimate	Write off	Depreciation	Impairment loss	Total
Land	658 992	-	-	-	-	-	-	-	-	658 992
Buildings	27 160 297	-	-	-	-	-	-	(1 295 826)	-	25 864 471
Infrastructure assets	262 763 369	-	23 107 830	8 513 068	(8 513 068)	1 045 088	(2 521 767)	(19 504 198)	(1 427 656)	263 462 666
Other property, plant and equipment	11 233 777	6 341 157	-	-	-	-	(18 069)	(1 999 082)	-	15 557 783
	<b>301 816 435</b>	<b>6 341 157</b>	<b>23 107 830</b>	<b>8 513 068</b>	<b>(8 513 068)</b>	<b>1 045 088</b>	<b>(2 539 836)</b>	<b>(22 799 106)</b>	<b>(1 427 656)</b>	<b>305 543 912</b>

**Pledged as security**

There was no property, plant and equipment pledged as security.

**Specialised assets**

Included in the property, plant and equipment is sanitizer trailer specially purchased to help curb the spread of pandemic COVID-19. The sanitizer trailers is used by the municipality to disinfect office space and other related areas where from time to time is required.

Sanitizer trailers	-	175 000
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It is expected that the machinery will be utilised for the duration of the pandemic, and beyond

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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### 3. Property, plant and equipment (continued)

#### Property, plant and equipment in the process of being constructed or developed

##### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Buildings	362 460	-
Infrastructure - Multipurpose Centre	33 541 085	24 042 985
Infrastructure- Community Halls	-	17 241 246
Infrastructure- Market Stalls	1 043 470	-
Infrastructure - Roads	26 958 308	28 175 515
Youth Enterprise	887 971	887 971
	<b>62 793 294</b>	<b>70 347 717</b>

##### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

<b>Manguzi Multipurpose</b>	33 541 085	24 042 985
Manguzi Multipurpose Centre is a multi year project, we have recently appointed the new contractor to complete the project that was surrendered by previous contractor. There were further delays that prompted the work to be carried over to 2021/22 financial period, and the project is expected to be completed by 30 June 2022		
<b>KwaMabila Community hall</b>	-	17 241 246
This project was capitalised.		
	<b>33 541 085</b>	<b>41 284 231</b>

#### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	28 175 515	42 172 202	-	70 347 717
Additions/capital expenditure	42 262 321	10 541 570	362 460	53 166 351
Transferred to completed items	(43 479 527)	(17 241 247)	-	(60 720 774)
	<b>26 958 309</b>	<b>35 472 525</b>	<b>362 460</b>	<b>62 793 294</b>

#### Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Total
Opening balance	11 813 145	44 260 723	56 073 868
Additions/capital expenditure	22 295 810	812 027	23 107 837
Transferred to completed items	(5 933 424)	(2 579 644)	(8 513 068)
Impairments	-	(320 920)	(320 920)
	<b>28 175 531</b>	<b>42 172 186</b>	<b>70 347 717</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

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<b>3. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b>		
Contracted Services - Plumbing	375 880	197 000
Contracted services - G5 Material	544 465	1 791 900
Contracted services - G7 Material	1 129 828	1 807 640
Contracted - Hiring Excavator	381 800	-
Contracted Service - Hiring of Grader	130 000	150 000
TLB hire	928 640	-
Tipper truck	871 790	-
Potholes	179 975	-
Small machine maintenance	88 291	-
Concrete slab repair	90 000	-
Service Septic Tanks	-	188 000
Honey sucking	219 500	-
Tree Cutting	-	705 107
Aircon Regas	237 443	132 600
Water pump	-	23 800
Electrical	87 500	23 780
Contracted Service - Motor Vehicle	5 095 884	3 723 744
Water tanker	179 900	-
Painting	16 501	42 800
Road markings	189 521	-
Security gate repair	179 550	-
Main building renovations	565 543	1 589
Computer repair	51 990	77 013
Container maintenance	1 050	-
Storm water repair	160 000	-
	<b>11 705 051</b>	<b>8 864 973</b>
<b>Repairs and Maintenance</b>		
Employee related cost	582 044	322 441

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

**Umhlabuyalingana Local Municipality**  
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**4. Intangible assets**

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 175 449	(1 582 923)	592 526	2 149 093	(1 246 362)	902 731

**Reconciliation of intangible assets - June 2021**

	Opening balance	Additions	Write off	Amortisation	Total
Computer software	902 731	26 498	(143)	(336 560)	592 526

**Reconciliation of intangible assets - June 2020**

	Opening balance	Additions	Amortisation	Total
Computer software, other	825 183	375 256	(297 708)	902 731

**Pledged as security**

There were no intangible assets pledged as security.



## Umhlabyalingana Local Municipality

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#### 5. Operating lease liability

Current liabilities	-	(11 410)
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#### Minimum lease payment due:

- within one year	-	551 028
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Operating lease payments have been recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments have been recognised as an operating lease liability.

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of two years and rentals vary in terms of a contract of the lease. Certain leases are subject to escalation at a rate of 5% over the lease period. No restrictions are imposed by lease arrangements.

Lease term has come to an end for this financial period.

#### 6. Employee benefit obligations

In line with the guidelines of the Bargaining Council, the municipality remunerates its employees for the long services rendered to the municipality. The estimates of the present obligation are determined through the use of the Actuarial expertise. Such estimates are reviewed annually at end of the financial year. The finance cost and actuarial gains or losses are recognised directly in the statement of financial performance.

The municipality offers bonuses for every 5 years of completed service from 10 to 45 years. Long service accumulated leave must be taken within one year of receiving such leave or wholly or partially cashed. In most cases, employees choose to exercise the option to wholly convert their accumulated leave bonus into cash.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Opening balance	(2 518 382)	(2 373 151)
Service cost	(332 688)	(348 149)
Interest cost	(254 753)	(210 739)
Expected benefit payment	150 053	470 373
Actuarial (gain)/loss	(412 646)	(56 716)
	<b>(3 368 416)</b>	<b>(2 518 382)</b>
Non-current liabilities	(3 137 595)	(2 486 593)
Current liabilities	(230 821)	(31 789)
	<b>(3 368 416)</b>	<b>(2 518 382)</b>

#### Assumptions used at the reporting date:

##### Discount rates used

General Inflation Rate	9.74%	10.18%
Consumer Price Index (CPI)	5.61%	4.97%
Real Rate	6.61%	5.97%
Net discount rate	6.91%	3.97%

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 6. Employee benefit obligations (continued)

##### Members withdrawn from services: (Average for males and females)

Age 20	12,00 %	12,00 %
Age 25	6,60 %	6,60 %
Age 30	5,10 %	5,10 %
Age 35	3,60 %	3,60 %
Age 40	2,60 %	2,60 %
Age 45	1,80 %	1,80 %
Age 50	1,10 %	1,10 %
	-	-

##### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(2 518 382)	(2 373 151)
Service cost	(332 688)	(348 149)
Interest cost	(254 753)	(210 739)
Benefits paid	150 053	470 373
Actuarial loss/(gain)	(412 646)	(56 716)
	<b>(3 368 416)</b>	<b>(2 518 382)</b>

##### Net expense recognised in the statement of financial performance

Current service cost	332 688	348 149
Interest cost	254 753	210 739
Actuarial (gains) losses	412 646	56 716
Settlement	(150 053)	(470 373)
	<b>850 034</b>	<b>145 231</b>

##### Demographic and Decrement Assumption

Assumptions used at the reporting date:

20	12,00 %	12,00 %
25	6,60 %	6,60 %
30	5,10 %	5,10 %
35	3,60 %	3,60 %
40	2,60 %	2,60 %
45	1,80 %	1,80 %
50	1,10 %	1,10 %

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2020 the duration of liabilities was 8.78 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 29 June 2021 is 9.74% per annum, and the yield on inflation linked bonds of a similar term was about 3.44% per annum. This implies an underlying expectation of inflation of 5.61% per annum  $[(1 + 9.74\% - 0.5\%) / (1 + 3.44\%) - 1]$ .

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 6.61% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 2.94% per annum  $[(1 + 9.74\%) / (1 + 6.61\%) - 1]$ .

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 6. Employee benefit obligations (continued)

##### Valuation assumptions

The key assumptions used in the valuation, with the prior year's assumption shown for comparison, are summarised below:

	30 June 2021	30 June 2020
Discount rate	9.74%	10.18%
CPI	5.61%	4.97%
Salary increase rate	6.61%	5.97%
Net discount rate	2.94%	3.97%

##### Valuation Method

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

#### 7. Inventories

Opening	189 463	188 694
Inventory purchased	3 839 657	5 274 130
Inventory consumed	(1 750 068)	(2 747 636)
Covid-19 consumables	(1 996 740)	(2 525 725)
	<b>282 312</b>	<b>189 463</b>

Inventory consist of stationery, cleaning materials and consumable materials. Stock take was conducted at 30 June 2021 to determine the quantity and value of inventory at hand.

Inventories was assessed for redundancy and abnormal wastage. No obsolete inventory was discovered.

##### COVID-19 Inventory

Since the COVID-19 was declared a national disaster, there have been numerous measures put in place to curb its rapid spread and the provision of assistance to those less fortunate. In response to the COVID-19 pandemic municipalities have incurred increased expenditures, namely:-

- Purchase of personal protective equipment such as masks
- Hygiene items such as sanitizers
- Protective clothing
- Fumigation chemicals
- Surgical gloves and wipers

#### 8. Receivables from exchange transactions

<b>Gross balances</b>		
Creditors Overpayment	-	149 865
Employee Debtors	15 322	5 113
Debtors Refuse	1 302 382	896 630
Debtors - Rentals	695 659	407 440
Other Debtors	110 908	195 598
	<b>2 124 271</b>	<b>1 654 646</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>8. Receivables from exchange transactions (continued)</b>		
<b>Less: Allowance for impairment</b>		
Refuse debtors	(1 018 561)	(678 028)
Rentals debtors	(523 458)	(270 027)
	<b>(1 542 019)</b>	<b>(948 055)</b>
<b>Net balance</b>		
Creditors Overpayment	-	149 865
Employee Debtors	15 322	5 113
Debtors - Refuse	283 821	218 602
Debtors - Rentals	172 201	137 413
Other debtors	110 908	195 598
	<b>582 252</b>	<b>706 591</b>
<b>Creditors Overpayment</b>		
> 365 days	-	149 865
<b>Debtors PMU</b>		
Current (0 -30 days)	15 322	5 113
<b>Debtors Refuse</b>		
Current (0 -30 days)	107 716	113 931
31 - 60 days	47 882	54 091
61 - 90 days	42 144	38 319
91 - 120 days	42 144	38 319
121 - 365 days	1 062 496	651 970
	<b>1 302 382</b>	<b>896 630</b>
<b>Rental</b>		
Current (0 -30 days)	70 078	64 092
31 - 60 days	32 248	28 152
61 - 90 days	32 248	27 875
91 - 120 days	32 248	26 862
121 - 365 days	528 838	254 859
	<b>695 660</b>	<b>401 840</b>
<b>Other</b>		
Current (0 -30 days)	110 908	195 598
<b>Summary of debtors by customer classification</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(948 055)	(434 106)
Contributions to allowance	(593 964)	(513 949)
	<b>(1 542 019)</b>	<b>(948 055)</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 8. Receivables from exchange transactions (continued)

##### Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2021, 257 924 (2020: 260 491) were past due but not impaired.

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

1 month past due	97 664	95 971
2 months past due	80 130	82 271
3 months past due	80 130	82 249

#### 9. Receivables from non-exchange transactions

##### Gross balances

Consumer debtors - Rates	53 444 904	47 713 658
Fines	7 966 741	7 112 691
	<b>61 411 645</b>	<b>54 826 349</b>

##### Less: Allowance for impairment

Consumer debtors - Rates	(45 091 756)	(39 923 663)
Fines	(6 532 727)	(4 887 205)
	<b>(51 624 483)</b>	<b>(44 810 869)</b>

##### Net balance

Consumer debtors - Rates	8 353 148	7 789 995
Fines	1 434 014	2 225 485
	<b>9 787 162</b>	<b>10 015 480</b>

##### Reconciliation of provision for impairment of receivables from non-exchange transactions:

<b>Rate Debtors</b>		
Opening balance	(39 923 663)	(38 106 072)
Allowance for impairment - Rate debtors	(5 168 093)	(1 817 590)
	<b>(45 091 756)</b>	<b>(39 923 662)</b>

##### Traffic fines

Opening balance	(4 887 205)	(4 413 898)
Allowance for impairment	(1 645 522)	(473 307)
	<b>(6 532 727)</b>	<b>(4 887 205)</b>

##### Net balance

	<b>(51 624 483)</b>	<b>(44 810 867)</b>
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##### Fines

Current (0 - 30 days)	423 760	378 332
31 - 60 days	314 013	280 350
61 - 90 days	519 199	463 540
91 - 120 days	491 589	438 890
121 - 365 days	6 216 704	5 551 579
	<b>7 965 265</b>	<b>7 112 691</b>

Technology and the environment: The impact of the digital revolution on the environment

Technology and the environment: The impact of the digital revolution on the environment

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 10. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
First National Bank - Current Account Hluhluwe - 62025236408	65 842 001	50 766 908	36 620 012	65 601 086	50 391 796	36 528 403
First National Bank - Call Account Hluhluwe - 62055161146	2 003 958	-	-	2 003 958	-	-
First National Bank - Call Account Hluhluwe - 62266899825	1 375 114	1 348 858	1 347 591	1 375 114	1 348 858	1 347 591
First National Bank - Call Account Hluhluwe - 74275256516	5 276 843	5 063 093	4 721 471	5 276 843	5 063 093	4 721 471
Standard Bank - Call Account Empangeni - 068824491	21 161	20 638	19 727	21 161	20 638	19 727
Nedbank - Call Account Richardsbay - 28702097	37 775	36 835	35 044	37 775	36 835	35 044
First National Bank - Call Account Hluhluwe - 62424086785	2 007 427	516	516	2 007 427	516	516
First National Bank - Fixed Deposit Account - 74622621601	7 725 673	7 420 998	6 940 955	7 725 673	7 420 998	6 940 955
<b>Total</b>	<b>84 289 952</b>	<b>64 657 846</b>	<b>49 685 316</b>	<b>84 049 037</b>	<b>64 282 734</b>	<b>49 593 707</b>

#### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
COGTA - Small Town Rehabilitation	162 260	162 260
Arts and Culture	100 000	100 000
Manguzi Road Project	17 307	17 307
Urban Development	907 195	907 195
Manzengwenya Project	7 500	7 500
M A P	251 168	251 168
Phelandaba Development Grant	178 600	178 600
Nhlange Lake Restaurant	5 600	5 600
KwaTembe Concrete Project	86 111	86 111
Mbazwana and Munguzi Hubs	160 000	160 000
MIG	-	14 300 580
Finance Management Grant	-	112 598
Town planning	110 653	110 653
Wall to Wall Scheme	-	96 800
Border Development	-	1 138 240
Sports Ground	-	4 500
	<b>1 986 394</b>	<b>17 639 112</b>

#### Movement during the year

Balance at the beginning of the year	17 639 112	4 422 562
Additions during the year	41 509 696	43 667 000
Income recognition during the year	(57 162 414)	(30 450 450)
	<b>1 986 394</b>	<b>17 639 112</b>



## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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## 12. Provisions

### Reconciliation of provisions - 2021

	Opening Balance	Interest cost	Utilised during the year	Additions	Total
Skhemelele landfill site	9 630 450	778 622	(1 224 641)	-	9 184 431
Mbazwana landfill site	5 666 921	512 177	-	133 494	6 312 592
Thandizwe landfill site	7 147 264	645 655	-	164 794	7 957 713
Performance bonus	570 051	-	(506 712)	443 373	506 712
	<b>23 014 686</b>	<b>1 936 454</b>	<b>(1 731 353)</b>	<b>741 661</b>	<b>23 961 448</b>

### Reconciliation of provisions - 2020

	Opening Balance	Interest cost	Utilised during the year	Additions	Total
Skhemelele landfill site	8 792 491	837 959	-	-	9 630 450
Mbazwana landfill site	4 780 845	423 898	-	462 178	5 666 921
Thandizwe landfill site	6 029 722	534 631	-	582 911	7 147 264
Performance bonuses	524 574	-	(524 574)	570 051	570 051
	<b>20 127 632</b>	<b>1 796 488</b>	<b>(524 574)</b>	<b>1 615 140</b>	<b>23 014 686</b>

Non-current liabilities	22 082 993	21 279 599
Current liabilities	1 878 455	1 735 087
	<b>23 961 448</b>	<b>23 014 686</b>

The current portion is made up of provision for bonuses 2021: (R 506 712) 2020: (R 570 051) and Skhemelele landfill site 2021: (R 1 706 712) 2020: (R 9 630 450).

### Performance bonuses

A section 57 bonus provision is also provided for. The bonus is performance based, and is dependant on a performance assessment. The timing of the bonus is uncertain.

### Environmental rehabilitation provision

The municipality operates two Landfill sites, which are Thandizwe and Mbazwana.

Skhemelele is in the process of being closed down.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 12. Provisions (continued)

The Municipality estimated rehabilitation cost are R24 679 377 (2020: R22 444 635) to restore the landfill site at the end of its useful life, estimated to be 17 years from the date of revaluation. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 8.830% (2020: 8.085%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer Zin Waste and Landfills.

The date on which Zin Waste and Landfills valued landfill sites was 30 June 2021. The landfill sites are revalued every four years.

During the financial period there was a change in rehabilitation cost for Mbazwana and Thandizwe Landfill Site, that resulted in an increase in the underlying assets and provision of R133 494 and R164 794 respectively.

Skhemelele Landfill Site is in the process of being rehabilitated. Detailed design for the closure of the site as laid out in the Environmental Management Programme (EMPr). The closure and rehabilitation activities will comply with the Minimum Requirements for Waste Disposal by Landfill (Second Edition, 1998). In compliance with the requirements for a communal landfill, during closure of the existing landfill the following activities will be conducted:

#### Closure

Depending on the volume of waste on site, the waste must be consolidated and taken to a licensed landfill facility or the waste must be consolidated and capped on site;

- Reshaping and recontouring of borrow pits so that they are no longer a safety hazard must take place;
- Placement of a 'no dumping' notice at the site; and,
- Closing and locking the gate to the site so that no illegal dumping can take place.

#### 13. Payables from exchange transactions

Trade payables	1 628 839	884 998
Accrued leave pay	6 263 792	5 251 051
Accrued bonus	1 553 171	1 433 721
Retention Creditors	7 485 424	5 618 187
Other creditors	104 697	93 802
Debtors with credit balance	9 532	19 358
Public works	-	190 992
	<b>17 045 455</b>	<b>13 492 109</b>

#### Ageing trade and other payables

Current (0 -30 days)	1 594 964	603 576
30 - 60 days	-	104 285
60 - 90 days	118 783	165 498
90 -120 days	26 000	18 197
120+ days	-	12 800
less: Creditors with debit balances	(110 908)	(19 358)
	<b>1 628 839</b>	<b>884 998</b>

#### 14. VAT payable

VAT payables	932 722	400 459
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#### 15. Services charges

Refuse removal	624 360	624 360
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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Commission received</b>		
Motor licensing	145 762	91 728
Commission received	8 359	-
	<b>154 121</b>	<b>91 728</b>
<b>17. Fines, Penalties and Forfeits</b>		
Traffic Fines	1 047 350	876 900
<b>18. Licences and permits</b>		
Traffic income	3 237 150	2 291 920
<b>19. Rental Income</b>		
Rental income	394 867	380 484
Hall hire	435	-
	<b>395 302</b>	<b>380 484</b>
<b>20. Other income</b>		
Business Licensing	1 200	1 400
Sundry income	148 643	144 523
Library Income	35 521	29 002
Tender Documents	153 917	224 781
Property clearance revenue	1 696	3 600
Building plans revenue	5 478	5 478
Impound fees	3 600	-
Law enforcement fines	-	3 000
Arts and Culture refund	-	595 000
	<b>350 055</b>	<b>1 006 784</b>
<b>21. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	1 438 569	3 790 610
Investments	557 015	884 547
	<b>1 995 584</b>	<b>4 675 157</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 22. Property rates

##### Rates

Residential	656 040	655 578
Commercial	6 543 314	6 407 035
State	14 269 640	14 269 640
Property trust	1 431 000	1 431 000
Less: Income forgone	(1 128 388)	(1 649 242)
	<b>21 771 606</b>	<b>21 114 011</b>

##### Valuations

Residential / Hospitality	131 200 000	131 200 000
Business and Commercial	754 030 000	741 730 000
Public service purposes	1 010 500 000	1 010 500 000
State trust Land	572 400 000	572 400 000
Vacant land	49 361 000	-
Protected Area	164 500 000	164 500 000
Place of Worship	6 300 000	6 300 000
Public service infrastructure	1 570 000	1 570 000
	<b>2 689 861 000</b>	<b>2 628 200 000</b>

Property valuations is performed every 5 years. The last general valuation roll came into effect on 1 July 2019. Annual valuations are processed on an annual basis to take into account changes in individual property value due to alterations and subdivisions.

A tariff of R0,0025 (2020: R0,0025) is applied to property valuations of ITB to determine assessment rates. The billing remained constant from previous year.

Business Properties are billed at R0,0087 (2020: R0,0087) per Rand for a period. Hospitality will be included in this category.

Residential Properties are billed at R0,0077 (2020: R0,0077) per Rand for a period.

Public Service Properties are billed at R0,0154 (2020: R0,0154) per Rand for a period.

Agricultural Properties are billed at R0,0025 (2020: R0,0025) per Rand for a period.

Protected Area and Public Benefit Organisations are valued but exempt from billing.

The new general valuation was implemented on 01 July 2019.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	214 885 452	166 017 000
Financial Management Grant	1 900 000	1 787 402
EPWP Grant	2 952 000	3 525 000
Library Grant	2 672 000	2 460 000
Skhemelele Nodal	-	406 000
Disaster management grant	-	864 000
Electrification grant - COGTA	1 138 240	-
Environmental grant	96 800	-
Town Planning Grant	-	481 252
Sports Grounds	4 500	29 000
Border Development	-	251 040
	<b>223 648 992</b>	<b>175 820 694</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	48 398 874	20 646 756
	<b>272 047 866</b>	<b>196 467 450</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	57 162 414	30 450 450
Unconditional grants received	214 885 452	166 017 000
	<b>272 047 866</b>	<b>196 467 450</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>COGTA -Small Town Rehabilitation</b>		
Balance unspent at beginning of year	162 260	162 260
Conditions still to be met - remain liabilities (see note 11).		
<b>Spatial Development</b>		
Balance unspent at beginning of year	100 000	100 000
Conditions still to be met - remain liabilities (see note 11).		
<b>Project Consolidate Manguzi</b>		
Balance unspent at beginning of year	17 307	17 307
Conditions still to be met - remain liabilities (see note 11).		
<b>Library Grant</b>		
Current-year receipts	2 672 000	2 460 000
Conditions met - transferred to revenue	(2 672 000)	(2 460 000)
	-	-

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>23. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 11).		
<b>Urban Development Grant</b>		
Balance unspent at beginning of year	907 195	907 195
Conditions still to be met - remain liabilities (see note 11).		
<b>Manzengwenya Project</b>		
Balance unspent at beginning of year	7 500	7 500
Conditions still to be met - remain liabilities (see note 11).		
<b>Municipal Assistance Program (MAP)</b>		
Balance unspent at beginning of year	251 168	251 168
Conditions still to be met - remain liabilities (see note 11).		
<b>Phelandaba Development Grant</b>		
Balance unspent at beginning of year	178 600	178 600
Conditions still to be met - remain liabilities (see note 11).		
<b>Nhlange Lake Restaurant</b>		
Balance unspent at beginning of year	5 600	5 600
Conditions still to be met - remain liabilities (see note 11).		
<b>Kwa Tembe Concrete Project</b>		
Balance unspent at beginning of year	86 111	86 111
Conditions still to be met - remain liabilities (see note 11).		
<b>Mbazwana and Manguzi Hubs</b>		
Balance unspent at beginning of year	160 000	160 000
Conditions still to be met - remain liabilities (see note 11).		
<b>MIG</b>		
Balance unspent at beginning of year	14 300 580	29 336
Current-year receipts	34 276 000	34 918 000
Conditions met - transferred to revenue	(48 398 874)	(20 646 756)
Transfer to equitable share	(177 706)	-
	<b>-</b>	<b>14 300 580</b>
Conditions still to be met - remain liabilities (see note 11).		
<b>FMG</b>		

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>23. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	112 598	-
Current-year receipts	1 900 000	1 900 000
Conditions met - transferred to revenue	(1 900 000)	(1 787 402)
Transfer to equitable share	(112 598)	-
	<b>-</b>	<b>112 598</b>
Conditions still to be met - remain liabilities (see note 11).		
<b>EPWP</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	2 952 000	3 525 000
Conditions met - transferred to revenue	(2 952 000)	(3 525 000)
	<b>-</b>	<b>-</b>
<b>Tourism and Environmental Affairs Grant</b>		
Balance unspent at beginning of year	-	4
Conditions met - transferred to revenue	-	(4)
	<b>-</b>	<b>-</b>
<b>Town planning grant</b>		
Balance unspent at beginning of year	110 653	591 905
Conditions met - transferred to revenue	-	(481 252)
	<b>110 653</b>	<b>110 653</b>
Conditions still to be met - remain liabilities (see note 11).		
<b>Skhemelele nodal grant</b>		
Balance unspent at beginning of year	96 800	502 800
Conditions met - transferred to revenue	(96 800)	(406 000)
	<b>-</b>	<b>96 800</b>
Conditions still to be met - remain liabilities (see note 11).		
<b>Border Development</b>		
Balance unspent at beginning of year	1 138 240	1 389 280
Conditions met - transferred to revenue	(1 138 240)	(251 040)
	<b>-</b>	<b>1 138 240</b>
Conditions still to be met - remain liabilities (see note 11).		
<b>Sports ground</b>		
Balance unspent at beginning of year	4 500	33 500
Conditions met - transferred to revenue	(4 500)	(29 000)
	<b>-</b>	<b>4 500</b>
Conditions still to be met - remain liabilities (see note 11).		

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**Umhlabuyalingana Local Municipality**

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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**23. Government grants and subsidies (continued)****Disaster management grant**

Current-year receipts	-	864 000
Conditions met - transferred to revenue	-	(864 000)
	-	-

**24. Public contributions and donations**

Public contributions and donations	126 638	-
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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>25. Employee related costs</b>		
Basic salary	52 187 535	49 816 793
Cellphone Allowance	1 102 148	903 310
Performance Bonus	441 602	615 527
Medical aid - company contributions	2 514 335	2 290 026
UIF	359 161	360 195
Leave pay provision charge	1 252 071	1 222 271
Overtime payments	2 444 709	2 393 468
Long-service awards	587 441	542 183
13th Cheques	3 129 861	2 899 061
Acting allowances	137 124	45 380
Car allowance	4 378 404	3 816 000
Standby Allowance	1 071 645	1 010 402
GroupLife Insurance	527 297	497 942
SALGBC - Levies	15 692	17 186
Rural Allowance	621 881	633 153
Pension	5 482 314	4 997 589
	<b>76 253 220</b>	<b>72 060 486</b>
<b>Remuneration of Municipal Manager (NP Gamede)</b>		
Annual Remuneration	1 169 406	1 169 406
Car Allowance	180 000	180 000
Performance Bonuses	119 900	134 887
Contributions to UIF, Levies and Pension Funds	29 794	28 727
Cellphone allowance	32 400	32 400
Rural Allowance	116 941	116 941
	<b>1 648 441</b>	<b>1 662 361</b>
<b>Remuneration of Chief Finance Officer (N.P.E Myeni)</b>		
Annual Remuneration	997 316	997 316
Car Allowance	162 000	162 000
Performance Bonuses	103 657	116 614
Contributions to UIF, Medical and Pension Funds	25 841	24 936
Cellphone allowance	27 600	27 600
Rural Allowance	108 798	108 798
	<b>1 425 212</b>	<b>1 437 264</b>
<b>Remuneration of Corporate and Human Resources (N.V.F Msane)</b>		
Annual Remuneration	997 316	997 316
Car Allowance	162 000	162 000
Performance Bonuses	103 657	116 614
Contributions to UIF, Medical and Pension Funds	25 848	24 923
Cellphone allowance	27 600	27 600
Rural Allowance	108 798	108 798
	<b>1 425 219</b>	<b>1 437 251</b>
<b>Remuneration of Community Director (S.Shange)</b>		
Annual Remuneration	835 477	835 477
Car Allowance	162 000	162 000
Performance Bonuses	87 634	117 913
Contributions to UIF, Medical and Pension Funds	20 885	23 859
Rural Allowance	83 548	83 548
Cellphone	22 100	14 400

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>25. Employee related costs (continued)</b>		
Backpay	18 700	-
	<b>1 230 344</b>	<b>1 237 197</b>
<b>Remuneration of Director Technical Services (M.S Qwabe)</b>		
Annual Remuneration	635 170	864 397
Car Allowance	121 500	162 000
Performance Bonuses	96 491	103 347
Contributions to UIF, Medical and Pension Funds	153 851	170 639
Leave pay	160 557	-
Cellphone allowance	20 700	27 600
Rural Allowance	70 723	94 298
	<b>1 258 992</b>	<b>1 422 281</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>26. Remuneration of councillors</b>		
Mayor	905 259	905 529
Deputy Mayor	733 088	733 088
Exco Members	2 022 965	2 022 965
Speaker	733 088	733 088
Councillors	5 055 749	2 543 414
Travel Allowance	2 300 373	4 533 914
Cellphone and data allowance	1 237 940	1 554 000
	<b>12 988 462</b>	<b>13 025 998</b>
<b>Mayor Cllr N.S Mthethwa</b>		
Annual Remuneration	645 644	622 881
Car Allowance	215 215	207 627
Backpay	-	30 351
Cellphone Allowance	40 800	40 800
Mobile data	3 600	3 600
SDL	7 185	6 923
	<b>912 444</b>	<b>912 182</b>
<b>Deputy Mayor Cllr F.G Mlambo</b>		
Annual Remuneration	516 516	498 306
Car Allowance	172 172	166 102
Backpay	-	24 281
Cellphone Allowance	40 800	40 800
Mobile data	3 600	3 600
SDL	5 310	5 365
	<b>738 398</b>	<b>738 454</b>
<b>Speaker Cllr B.T Tembe</b>		
Annual Remuneration	516 516	498 306
Car Allowance	172 172	166 102
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	-	24 281
SDL	5 383	5 302
	<b>738 471</b>	<b>738 391</b>
<b>Exco Members Cllr B.N Ntsele</b>		
Annual Remuneration	270 145	260 620
Car Allowance	90 048	86 873
Backpay	-	9 525
SDL	3 442	3 385
Data Allowance	3 600	3 600
Cellphone allowance	40 800	40 800
	<b>408 035</b>	<b>404 803</b>
<b>Exco Member Cllr S.N Tembe</b>		
Annual Remuneration	270 145	260 620
Car Allowance	90 048	86 873
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	-	9 525
SDL	3 249	3 203
	<b>407 842</b>	<b>404 621</b>

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>26. Remuneration of councillors (continued)</b>		
<b>Exco Member Cllr M.D Mathenjwa</b>		
Annual Remuneration	270 145	260 620
Car Allowance	90 048	86 873
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	-	9 525
SDL	3 273	3 251
	<b>407 866</b>	<b>404 669</b>
<b>Exco Member Cllr Z.M Mhlongo</b>		
Annual Remuneration	270 145	260 620
Car Allowance	90 048	86 873
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	-	9 525
SDL	3 234	3 331
	<b>407 827</b>	<b>404 749</b>
<b>Exco Member Cllr M.Z Mhlongo</b>		
Annual Remuneration	270 145	260 620
Car Allowance	90 048	86 873
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	-	9 525
SDL	3 447	3 530
	<b>408 040</b>	<b>404 948</b>
<b>In-kind benefits</b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.		
The Executive Mayor has two full-time bodyguards.		
<b>27. Depreciation and amortisation</b>		
Property, plant and equipment	24 276 405	22 799 106
Intangible assets	336 560	297 708
	<b>24 612 965</b>	<b>23 096 814</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 28. Impairment of assets

##### Impairments

Impairment fixed assets	1 294 512	1 427 656
Certain Property, Plant and Equipment were considered for Impairment in the current period due to lack of maintenance.		

The main classes of assets affected by impairment losses are:

##### Sportsfields

##### Prior Year

There's lack of maintenance on the local sportfields. It has been visible through verification that soccer fields are not maintained and possibly vandalism on the facilities. Impairment was recommended until facilities are maintained

Municipality has assessed infrastructure assets for impairment. The impairment assessment takes into account both external and internal source of information that indicated that these assets to be impaired. With the advent of the COVID-19 we considered:

- evidence of physical damage
- significant long term changes that have occurred in the way or extent to which the assets is used

Current Year.

Public clinics and creches that were constructed to be utilised by communities were vandalised.

#### 29. Finance costs

Interest overdue accounts	16 755	336 620
Other interest	1 936 454	1 968 814
	<b>1 953 209</b>	<b>2 305 434</b>

#### 30. Debt impairment

Contributions to debt impairment provision	7 407 578	2 290 897
Bad debts written off	364 050	3 683 684
	<b>7 771 628</b>	<b>5 974 581</b>

#### 31. Asset Write Off

Property Plant and Equipment write off	911 336	2 539 836
Intangible assets	143	-
	<b>911 479</b>	<b>2 539 836</b>

When management conducted verification some of the assets could not be verified.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>32. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	728 562	268 892
Burial Services	106 025	167 590
Catering Services	7 238 657	11 216 275
Clearing and Grass Cutting Services	1 297 396	1 069 487
Internal Auditors	2 908 982	3 738 630
Litter Picking and Street Cleaning	216 683	-
Medical Waste Removal	-	270 000
Professional Staff	534 698	514 746
Refuse Removal	-	345 567
Researcher	1 007 383	1 062 155
Security Services	9 506 287	8 319 370
Drivers Licence Cards	731 816	780 847
<b>Consultants and Professional Services</b>		
Business and Advisory	5 759 969	3 932 697
Infrastructure and Planning	1 095 660	676 742
Legal Cost	759 746	1 264 449
<b>Contractors</b>		
Aerial Surveillance	-	201 600
Artists and Performers	745 380	500 000
Catering Services	224 300	179 300
Employee Wellness	-	154 500
First Aid	-	63 160
Fire Services	110 320	34 672
Graphic Designers	190 000	137 900
Maintenance of Buildings and Facilities	1 340 473	708 745
Maintenance of Equipment	5 548 339	3 805 542
Maintenance of Roads	4 826 440	4 050 587
Medical Services	-	4 500
Pest Control and Fumigation	2 562 540	1 672 367
Photographer	31 000	98 800
Transportation	385 133	681 500
Sports and Recreation	1 594 840	651 850
Stage and Sound Crew	323 450	296 790
	<b>49 774 079</b>	<b>46 869 260</b>

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. Operational cost</b>		
Advertising	288 908	405 166
Auditors remuneration	1 782 998	1 735 787
Bank charges	146 182	108 196
Entertainment	600	67 200
Fines and penalties	-	226 523
Gifts and promotions	5 997 709	5 952 241
Hire charges	16 142 058	16 766 112
Insurance	1 090 577	543 478
Community development events	2 583 225	2 416 390
IT expenses	539 228	1 736 626
Fleet expense	77 493	72 037
Marketing	229 730	26 394
Promotion and sponsorship	-	557 999
Medical expenses	131 527	67 960
Motor vehicle expenses	157 422	38 559
Fuel and oil	2 262 163	2 156 297
Postage and courier	32 973	96 146
Printing and stationery	656 900	211 099
Gender Awareness	-	62 800
Software expenses	1 372 933	238 230
Telephone and fax	9 592	5 860
Transport	109 900	353 500
Training	1 082 935	934 055
Travelling and accommodation	1 832 570	2 426 629
Water and electricity	847 420	1 661 409
Uniforms	964 900	325 873
Tourism development	-	5 460
Skills development levy	648 604	621 751
Travel allowance	1 657 571	3 222 824
Ward committees	2 485 200	2 442 800
Burial support	285 208	2 000
	<b>43 616 526</b>	<b>45 487 401</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 34. Transfers and subsidies

##### Sale of goods

School support	719 793	146 221
Social Relief	4 572 337	2 690 984
Bereavement assistance	5 421 692	1 534 123
Disaster supplies	3 173 679	1 727 330
	<b>13 887 501</b>	<b>6 098 658</b>

The COVID-19 pandemic has had a significant impact on the day to day lives of individuals and organizations at large around the world. In South Africa, the threat of COVID-19 necessitated Government to declare it a National Disaster and since then Government has implemented measures to mitigate the threat of COVID-19 on the lives of the citizens as well as on the economy.

During this lockdown period:

- services have been limited where public facilities have closed for prolonged or short periods of time;
- there has been a demand for medical services, water, sanitation and temporary settlements from government;
- revenue and debt collections have decreased because people are unable to work thereby increasing the risk of non-payment of services;

Since the COVID-19 was declared a national disaster, there have been numerous measures put in place to curb its rapid spread and the provision of assistance to those less fortunate. In response to the COVID-19 pandemic, municipalities have incurred increased expenditures, namely:-

- Purchase of personal protective equipment such as masks
- Hygiene items such as sanitizers

##### Disaster supplies

Items of disaster supplies were acquired during the pandemic to assist curb the spread of the virus. These items include: Reflector jackets, Disaster relief tents, LED lamps, First Aid kits, Blankets, Chemicals and Overalls.

##### Bereavement assistance

#### 35. Lease rental on operating lease

##### Photocopy machines and phones

Rental amount	2 806 020	2 901 127
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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>36. Cash generated from operations</b>		
Surplus	61 720 977	1 089 631
<b>Adjustments for:</b>		
Depreciation and amortisation	24 612 965	23 096 814
Donated assets	(126 639)	-
Assets write off	911 479	2 539 836
Impairment loss	1 294 512	1 427 656
Debt impairment	7 771 628	5 974 581
Operating lease liability	(11 410)	(4 654)
Employee benefit provision	850 034	145 231
Movements in provisions	946 762	2 887 054
Other movements	(662 304)	(4 177 010)
<b>Changes in working capital:</b>		
Inventories	(92 849)	(769)
Receivables from exchange transactions	(471 101)	(614 893)
Other receivables from non-exchange transactions	(6 583 849)	2 821 164
Payables from exchange transactions	3 553 344	469 523
VAT	532 263	(3 404 861)
Unspent conditional grants and receipts	(15 652 718)	13 216 546
INEP Liability	(4 054 694)	(945 469)
	<b>74 538 400</b>	<b>44 520 380</b>
<b>37. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• KwaMbitla Blacktop Access Road	-	2 974 004
• Posini to Library Road	-	9 442
• Manzengwenya Gravel Road	-	109 735
• Mqobela access road	-	252 878
• Kwashodi Gravel Road	139 377	-
• Othungwini access road	-	205 473
• Mashabane Access Road	-	491 883
• Moses Zikhali Access Road	-	301 170
• IYK Tarred Road	-	1 159 716
• Mamula Jikijela Electrification	4 575 030	564 318
• Mahlungulu Electrification	-	1 701 057
• Manguzi electrification	2 087 856	158 078
• Kwashodi Electrification	-	2 339 546
• Manguzi Multipurpose	6 246 598	-
• Kosi Bay Fish Project	1 650 010	-
	<b>14 698 871</b>	<b>10 267 300</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	14 698 871	10 267 300
<b>Authorised operational expenditure</b>		
<b>Already contracted and provided for</b>		
• Official Orders	4 979 665	-
<b>Total operational commitments</b>		
Already contracted for but not provided for	4 979 665	-

This committed expenditure relates to infrastructure, community and electrification projects and will be financed by government grants.

## Umhlbuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 38. Contingencies

#### 38.1. DUDUZILE MKHIZE AND 28 OTHERS; UMHLBUYALINGANA MUNICIPALITY

We successfully opposed the unfair dismissal dispute at SALGBC. Aggrieved by the arbitration award; Duduzile Mkhize and others applied for a review application and that application is still pending before the Labour Court. Future legal costs are estimated at R150 000. Liability for back-pay in the event the award is set aside is estimated at R2 688 000.

#### 38.2 NIMROD NGUBANE AND 65 OTHERS// UMHLBUYALINGANA MUNICIPALITY

This matter relates to the alleged unlawful termination of contracts of employment. It is pending in the Labour Court.

Financial liability

In the event the Applicants become successful the estimated back-pay would be an amount of R5 896 800. Future legal costs are estimated at R90 000.

#### 38.3 Department of Labour

This is the potential liability for assessment to be done by Department of Labour on returns due in terms of Compensation for Occupational Injuries and Disease Act (COIDA). The Department of Labour is claiming R 99 206 560.83 from the Municipality in respect of outstanding returns in terms of Compensation of Occupational Injuries and Diseases Act (COIDA). The Municipality has applied for the reassessment of the amount but the Commissioner for Compensation of Occupational Injuries and Diseases declined to accept the bid for reassessment.

Negotiations are ongoing with Commissioner and the and Labour Court for re-assessment. Legal Cost will amount to R800 000.

### 39. Prior period error Property, plant and equipment

Property, plant and equipment were written off incorrectly. During verification it was identified that assets existed and were in the municipality premises.

The correction of the error(s) results in adjustments as follows:

Figures in Rand	2021		2020		
<b>Other PPE</b>	<b>Reported 2020</b>	<b>Restated 2020</b>	<b>Reported 2019</b>	<b>Restated 2019</b>	<b>Total</b>
Machinery - Opening balance	-	-	10 638 660	11 233 777	595 117
Accumulated depreciation	(1 948 756)	(1 999 082)	-	-	(50 326)
	<b>(1 948 756)</b>	<b>(1 999 082)</b>	<b>10 638 660</b>	<b>11 233 777</b>	<b>544 791</b>
<b>Statement of Financial Performance</b>			<b>Reported 2019</b>	<b>Restated 2019</b>	<b>Total</b>
Depreciation/Accumulated surplus			23 046 488	23 096 814	50 326
<b>Statement of Changes in Net Assets</b>			<b>Reported 2019</b>	<b>Restated 2020</b>	<b>Total</b>
Accumulated surplus			319 485 944	318 890 828	595 117

### 40. Prior period error Other Statement of financial position items

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 40. Prior period error Other Statement of financial position items (continued)

##### 1. Inventories

Medical examination was classified as COVID -19 consumables as opposed to ralted expenditure for COVID - 19. Management has reclassified the expenditure correctly

##### 2. Rental income

Contract with Vodacom for rental of market space was concluded late, but backdated to financial period 2019/20.

##### 3. Trade payables.

Invoices from certain suppliers were received late.

#### Statement of financial position

##### 2020

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		700 991	5 600	706 591
Trade payables		(837 743)	(47 255)	(884 998)
VAT payable		(404 301)	3 842	(400 459)
		<b>(541 053)</b>	<b>(37 813)</b>	<b>(578 866)</b>

#### Statement of financial performance

##### 2020

	Note	As previously reported	Correction of error	Restated
Rental income		375 615	4 869	380 484
Covid 19 inventory		(2 587 565)	61 840	(2 525 725)
Medical expenses		(6 120)	(61 840)	(67 960)
Advertising		(383 293)	(21 873)	(405 166)
Travelling and accomodation		(925 446)	(8 609)	(934 055)
Disaster supplies		(1 715 130)	(12 200)	(1 727 330)
<b>Surplus for the year</b>		<b>(5 241 939)</b>	<b>(37 813)</b>	<b>(5 279 752)</b>

#### Errors

Categories of rates were incorrectly classified in the prior year.

The following prior period errors adjustments occurred:

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 40. Prior period error Other Statement of financial position items (continued)

#### Valuations

Heading	Restated 2020	Previously Reported 2020
Residential / Hospitality	131 200 000	131 200 000
Business and Commercial	741 730 000	741 730 000
State	-	934 400 000
Public services purpose	1 010 500 000	-
Municipality	-	76 100 000
State trust land	572 400 000	-
Protected Area and Trust Land	164 500 000	736 900 000
Place of Worship	6 300 000	6 300 000
Public service infrastructure	1 570 000	1 570 000
	<b>2 628 200 000</b>	<b>2 628 200 000</b>

#### Provisions

Short term portion of provision for Skhemelele landfill site was disclosed incorrectly.

Provisions	Restated 2020	Previously reported 2020
Non-current liabilities	21 279 599	12 814 185
Current liabilities	1 735 087	10 200 501
	<b>23 014 686</b>	<b>23 014 686</b>

#### Reclassifications

The following reclassifications adjustment occurred:

### 41. Comparative figures

Certain comparative figures have been reclassified.

Municipalities have short term investments, however last year we have disclosed two categories of investments.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020	
41. Comparative figures (continued)			
Cash and cash equivalents	Adjusted 2020	Previously reported 2020	
Short-term deposits	18 447 952	6 118 671	
Fixed deposits	-	6 940 955	
	18 447 952	13 059 626	
Reconciliation of property, plant and equipment 2020	Adjusted 2020	Previously reported 2020	
WIP Transfer	8 513 068	-	
WIP Transfer recieved	(8 513 068)	-	
	-	-	
Reconciliation of Work-in-Progress 2020	Included within Infrastructure	Included within Community	Total
Previously reported			
Opening balance	44 034 746	12 039 113	56 073 859
Additions/capital expenditure	812 026	22 295 803	23 107 829
Transferred to completed items	(2 579 644)	(5 933 424)	(8 513 068)
Impairments	-	(320 903)	(320 903)
	42 267 128	28 080 589	70 347 717
Reconciliation of Work-in-Progress 2020 (Restated)	Included within Infrastructure	Included within Community	Total
Currently reported			
Opening balance	44 260 740	11 813 135	56 073 875
Additions/capital expenditure	812 027	22 295 803	23 107 830
Transferred to completed items	(2 579 644)	(5 933 424)	(8 513 068)
Impairments	(320 920)	-	(320 920)
	42 172 203	28 175 514	70 347 717
Statement of Financial Position	Restated 2021	Reported 2020	Total
PPE - Infrastructure	261 639 257	263 462 666	(1 823 409)
Other PPE	16 836 401	15 012 992	1 823 409
Inventory purchases	5 212 290	5 335 970	61 840
Covid 19 consumables	(2 525 725)	(2 587 565)	(61 840)
	281 162 223	281 224 063	-
Credit risk			
Financial Instruments	Currently reported 2021	Previously reported 2020	
Receivables from non-exchange transactions	-	10 015 480	

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 42. Risk management

##### 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.

The table below analyses the municipality's financial liabilities balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

##### Current liabilities

Trade and other payables from exchange transactions	17 045 455	13 492 109
Unspent conditional grants	1 986 394	17 639 112
	<b>19 031 849</b>	<b>31 131 221</b>

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise of a large number of ratepayers dispersed across different sectors and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Credit exposure is managed by application of the municipality's policies regarding credit control and debt collection. The municipality has made a provision for doubtful debts in accordance to its policies. The carrying amount of financial assets is the maximum exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2021	30 June 2020
Receivables from exchange transactions	582 252	706 591
Cash and cash equivalents	84 157 693	64 348 251

Refer to note 8 for ageing of receivables as well as note 10 for further disclosure of cash and cash equivalents.

##### Market risk

##### 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 market interest rates.

#### 43. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of 382 296 552 and that the municipality's total assets exceed its liabilities by 382 296 552.

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

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 43. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. The municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the municipality for future periods.

During April 2020, large number municipality major trade customers closed businesses following the outbreak of COVID-19 and related global responses have caused material disruptions to businesses leading to an economic slowdown. Of the R47 713 658 receivables from these customers, the municipality expects to recover less than R10 015 480. The allowances for expected credit losses for these receivables was R39 923 663 as at 30 June 2020. During 2020/21 financial period receivables there are customers of R53 444 933, the allowance for expected credit losses is R45 091 756 as at 30 June 2021.

There are no significant changes in the extent or manner in which the assets are used or is expected to be used. Plant and Machinery assets idled for a period of two months and that was considered not significant period for productive capacity.

Majority of the businesses are recovering from the pandemic.

#### 44. Unauthorised expenditure

Opening balance as previously reported	-	6 313 535
<b>Opening balance as restated</b>	-	<b>6 313 535</b>
Less: Amount written off - prior period	-	(6 313 535)
<b>Closing balance</b>	-	-

Council approved that unauthorised expenditure be written off

#### 45. Fruitless and wasteful expenditure

Opening balance as previously reported	338 170	3 384
<b>Opening balance as restated</b>	<b>338 170</b>	<b>3 384</b>
Add: Expenditure identified - prior period	16 297	338 170
Less: Amount written off - current	(338 170)	(3 384)
<b>Closing balance</b>	<b>16 297</b>	<b>338 170</b>

Council approved fruitless and wasteful expenditure to be written off

#### 46. Irregular expenditure

Opening balance as previously reported	30 423 059	1 781 250
<b>Opening balance as restated</b>	<b>30 423 059</b>	<b>1 781 250</b>
Add: Irregular Expenditure - current	-	1 473 380
Add: Irregular Expenditure - prior period	21 557 058	30 423 059
Less: Amounts recoverable - prior period	-	(1 781 250)
Less: Amount written off - current	(51 980 117)	(1 473 380)
<b>Closing balance</b>	-	<b>30 423 059</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 46. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
BAC not properly constituted	SCM policies to be reviewed to be in line with SCM regulations and be consistent	30 423 059	-
BAC not properly constituted		21 557 058	-
		<b>51 980 117</b>	<b>-</b>

### Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R30 423 059 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Contracts that were awarded during last financial period where BAC was not properly constituted overlapped to the current financial period. The expenditure incurred was investigated and the council adopted the committee recommendation to write off the amount of R 21 557 058.

### 47. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	1 088 189	1 083 200
Amount paid - current year	(1 088 189)	(1 083 200)
	<b>-</b>	<b>-</b>

#### Audit fees

Current year subscription / fee	1 782 998	1 735 787
Amount paid - current year	(1 782 998)	(1 735 787)
	<b>-</b>	<b>-</b>

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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 47. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### PAYE and UIF

Current year subscription / fee	14 386 312	13 404 794
Amount paid - current year	(14 386 312)	(13 404 794)
	-	-

##### Pension and Medical Aid Deductions

Current year subscription / fee	8 002 586	7 274 114
Amount paid - current year	(8 002 586)	(7 274 114)
	-	-

##### VAT

VAT payable	932 722	400 459
-------------	---------	---------

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Busisiwe Tembe	12 497	12 398	24 895
Simon Nxumalo	7 490	2 610	10 100
	<b>19 987</b>	<b>15 008</b>	<b>34 995</b>
30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Busisiwe Tembe	4 190	8 177	12 367
Simon Nxumalo	765	809	1 574
	<b>4 955</b>	<b>8 986</b>	<b>13 941</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

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#### 48. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

**48.1** Licenses and permits revenue increased by 41% when compared to the prior year because the previous financial year was affected by National Lockdown of the country as a result of COVID-19 outbreak

**48.2** In the prior year there were no donations received and current year donations received were from Department of Arts and Culture

**48.3** Commission received increased by 68% when compared to the prior year because there was an increase in the percentage of the commission to be received.

**48.4** Other income has decreased by 34% when compared to the prior year because in the prior year there was a refund from Department of Arts and Culture.

**48.5** Interest received from Investments decreased by 42% because of low interest rates were effected by the banks as a result of COVID-19 outbreak that affected the economy negatively in the country.

**48.6** Traffic fines revenue increased because in the prior year the country was placed under national lockdown and most traffic officials were also on quarantine after they were infected with COVID-19

**48.7** Employee related costs increased by 5% when compared to the prior year because of the wage increments implemented in July 2021.

**48.8** Depreciation and amortisation increased by 7% in the current year because more projects were completed and capitalised in the current year since other projects were not completed in the prior year due to Covid challenges and other challenges faced by the municipality.

**48.9** Debt impairment increased by 27% when compared to the prior year because most rate payers could not afford to pay for their accounts due to COVID -19 outbreak that forced most businesses to close during national lockdown which affected the economy of the country and the municipality had to increase the provision for bad debts.

**48.10** Finance costs decreased by 84% because there is a huge decrease on interest on overdue accounts when compared to the prior year which was a result of SARS late payment

**48.11** Assets write off decreased when compared to the prior year because there were few assets that had to be written off as a result of the re-construction of Manguzi Multipurpose Centre.

**48.12** Inventory consumed decreased by 36% when compared to the prior year

**48.13** Contracted services increased by 6% when compared to the prior year

**48.14** Transfers and subsidies increased by more than 100% when compared to the prior year because of the negative effects of COVID 19. The municipality had to assist poor families through social relief programmes by buying food parcels, school support programmes, bereavement assistance and disaster supplies.

#### 49. Actual capital expenditure versus budgeted capital expenditure

**49.1** Capital expenditure increased by 82% when compared to prior year capital expenditure because in the prior year there was a lot of projects that were not completed and those projects were completed in the current year

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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#### 50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The deviations for the current year, with the prior years' deviation shown for comparison, are summarised below:

Recommended supplier	220 473	539 033
Emergencies	-	172 607
	<u>220 473</u>	<u>711 640</u>

#### 51. Budget differences

Material differences between budget and actual amounts

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

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#### 51. Budget differences (continued)

##### 1. Service charges

Service charges increased because it was underbudgeted in the original budget

##### 2. Licences and permits

Licenses and permits decreased because the original budget was overstated and had to be decreased after looking at the performance of this revenue stream for first 6 months of the financial year

##### 3. Commission received

Commissions received was increased in the adjustment budget because it was understated in the original budget

##### 4. Interest on investment

Interest on investments was decreased because it was overstated in the original budget after looking at the performance of the sort term deposits accounts and all municipal bank accounts for the 6 month period

##### 5. Other revenue

Other revenue was decreased because of the low performance of this category for the first six months of the financial year

##### 6. Government grants

Government grants increased because National Treasury increased the Equitable Share allocation for our municipality and the increase was also affected by the approval of roll overs of conditional grants

##### 7. Traffic fines

Traffic fines original budget was decreased in the adjustment because it was overstated and most traffic officers were not working properly due to that other officers were infected with COVID-19 and they were in quarantine.

##### 8. Employee related costs

Employee related costs original budget was decreased in the adjustment budget as it was overstated and it included the provision for job evaluation outcome

##### 9. Debt impairment

Debt impairment has increased in the adjustment budget because of it has been observed that the payment trend on our debtors shows that more debtors will not afford to pay for their accounts because they have been affected negatively by the COVID 19 pandemic.

##### 10. Depreciation.

Depreciation was decreased because it was overstated in the original budget

##### 11. Contracted services

Contracted services increased because the municipality received additional funds for equitable share to address COVID-19 challenges and it resulted in the increase of contracted services.

##### 12. Transfers and subsidies

Transfers and subsidies increased because the municipality received additional funds for equitable share to address COVID-19 challenges and it resulted in the increase on transfers and subsidies

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2021

### Notes to the Annual Financial Statements

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#### 51. Budget differences (continued)

#### 18. Operational costs

Operational costs increased because the municipality received additional funds for equitable share to address COVID-19 challenges and it resulted in the increase on operational costs

#### 52. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

#### Details of the arrangement(s) are as follows:

Municipality has entered into agreement to facilitate the expansion and rehabilitation of the electricity grid, the objective of this agreement is to enhance the Electrification Programme on long term national energy requirements that shall be met through clearly established national electrification principles, to ensure that resource allocation contributes to sustainable development and enhance empowerment to communities and to provide electricity to unelectrified household.

#### Obligations of the municipality

The municipality shall:

- ensure compliance with all statutory requirements stipulated in the DoRA
- the municipality shall not spend any allocated funds in arrears where they are not licensed to distribute electricity
- manage the programme as well as design and implementation of those projects that form the objective of this agreement
- take all reasonable steps necessary to ensure the programme is implemented effectively and efficiently

#### Entity as agent

#### Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality are listed below

Corresponding rights of reimbursement that have been recognised as assets are listed below.

<b>COGTA Electrification</b>		
Balance unspent at beginning of year	3 589 546	5 000 000
Liability recognised	(3 589 546)	(1 410 454)
	<b>-</b>	<b>3 589 546</b>
<b>INEP Electrification</b>		
Balance unspent at beginning of year	465 149	163
Current-year receipts	10 500 000	19 000 000
Liability recognised	(10 965 149)	(18 535 014)
	<b>-</b>	<b>465 149</b>
<b>Projects undertaken by municipality</b>		
Mahlungulu Phase 2 Electrification	10 965 149	798 943
Jikijela Electrification	-	10 435 682
Manguzi Electrification	-	7 300 389
	<b>10 965 149</b>	<b>18 535 014</b>

# APPENDICES

## APPENDIX A: COUNCILLOR, COMMITTEE ALLOCATION & COUNCIL ATTENDANCE

Council Members	Political Affiliation	Full Time/Part Time (FT/PT)	Committee Allocated	Ward and/or PR
1. Cllr. K.O Tembe	ANC	PT	MPAC	Ward 1
2. Cllr. B.N. Ntsele	ANC	PT	PLID	Ward 2
3. Cllr. T.N. Magagula	ANC	PT	PLID	Ward 3
4. Cllr. L.D. Tembe	ANC	PT	Finance	Ward 4
5. Cllr. T.J. Nxumalo	ANC	PT	Corporate Services	Ward 5
6. Cllr. M.D. Mathenjwa	ANC	PT	Community Services	Ward 6
7. Cllr. S.G. Nxumalo	IFP	PT	MPAC	Ward 7
8. Cllr. G.S. Mthembu	ANC	PT	Corporate Services	Ward 8
9. Cllr. D.A. Tembe	ANC	PT	Community Services	Ward 9
10. Cllr. M.I. Mthembu	ANC	PT	Finance and Community Services	Ward 10
11. Cllr. N.S. Mthethwa	ANC	FT	Finance	ward 11
12. Cllr. N. Vumase	ANC	PT	Finance	Ward 12
13. Cllr. J.B. Gwala	ANC	PT	Corporate Services	Ward 13
14. Cllr. N.J. Ndabeni	ANC	PT	Finance	Ward 14
15. Cllr. N.C. Mdletshe	ANC	PT	PLID	Ward 15
16. Cllr. E.G. Mhlongo	ANC	PT	PLID	Ward 16
17. Cllr. S.N. Mthethwa	ANC	PT	Community Services	Ward 17
18. Cllr. J.E. Sithole	ANC	PT	Corporate Services	Ward 18
19. Cllr. S.P Mthethwa	ANC	PT	Corporate Services	Ward 11 PR
20. Cllr. Z.M. Mhlongo	ANC	PT	Community Services	Ward 16 PR
21. Cllr. B.C. Zikhali	AIC	PT	MPAC	Ward 11 PR
22. Cllr. F.G. Mlambo	ANC	FT	Corporate Services	Ward 14
23. Cllr. B.T Tembe	ANC	FT	Speaker	Ward 12
24. Cllr. S.M. Ndlovu	ANC	PT	Corporate Services	Ward 17
25. Cllr. T.S. Myeni	DA	PT	Corporate Services	Ward 11
26. Cllr. L.E. Mkhwanazi	EFF	PT	Corporate Services	Ward 11

27. Cllr. M.D. Mathenjwa	IFP	PT	Finance	Ward 02
28. Cllr. J.G. Ngubane	IFP	PT	Corporate Services	Ward 01
29. Cllr. M.Z. Mhlongo	IFP	PT	PLID	Ward 14
30. Cllr. S.M. Gumede	IFP	PT	PLID	Ward 07
31. Cllr. B.J. Tembe	IFP	PT	Community Services	Ward 03
32. Cllr. M.J. Mthembu	IFP	PT	MPAC	Ward 03
33. Cllr. T.L. Mlambo	IFP	PT	Community Services	Ward 15
34. Cllr. H.K. Gumede	IFP	PT	Corporate Services	Ward 15
35. Cllr. T.S. Khumalo	IFP	PT	Finance	Ward 16



## APPENDIX B: RECORD OF ATTENDANCE AT EXCO MEETINGS FOR 2020/2021

	July 2020	04 Aug 2020	31 Aug 2020	28 Sep 2020	22 Oct 2019	30 Oct 2020	30 Nov 2020	14 Dec 2020	22 Jan 2021	18 Feb 2021	Mar 2021	30 Apr 2021	13 May 2021	31 May 2021	30 June 2021	TOTAL 13
Cllr. N.S. Mthethwa (Mayor)	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	13
Cllr. F.G. Mlambo (D. Mayor)	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	x	✓	✓	x	11
Cllr. S.N. Tembe	N/A	✓	✓	x	✓	x	✓	✓	✓	✓	N/A	x	x	x	✓	08
Cllr. M.Z. Mhlongo	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	13
Cllr. M.D. Mathenjwa	N/A	✓	✓	✓	x	x	✓	x	✓	✓	N/A	x	✓	✓	x	09
Cllr. B.N. Ntsele	N/A	✓	✓	✓	x	x	✓	x	✓	✓	N/A	✓	✓	x	✓	09
Cllr. Z.M. Mhlongo	N/A	✓	✓	x	x	✓	x	x	✓	✓	N/A	x	✓	x	x	06
Cllr. B.T. Tembe (SPEAKER)	N/A	✓	✓	✓	✓	✓	x	✓	✓	✓	N/A	✓	✓	x	✓	11

## APPENDIX C: RECORD OF ATTENDANCE AT COUNCIL MEETINGS FOR 2020/2021

	July 2020	05 Aug 2020	14 Aug 2020	31 Aug 2020	30 Sep 2020	22 Oct 2020	30 Oct 2021	Nov 2021	14 Dec 2020	25 Jan 2021	12 Feb 2021	27 Feb 2021	15 Mar 2021	30 Mar 2021	30 Apr 2021	14 May 2021	31 May 2021	30 June 2021	Total 15
	N/A	√	√	√	x	x	x	N/A	N/A	√	√	x	x	√	√	x	x	√	08
Cllr. N.S. Mthethwa (Mayor)	N/A	√	√	√	x	√	x	N/A	N/A	√	√	√	x	√	√	√	x	√	11
Cllr. F.G. Mlambo (D. Mayor)	N/A	√	√	√	√	x	√	N/A	N/A	√	√	√	√	√	√	√	√	√	14
Cllr. S.N. Tembe	N/A	√	√	√	x	√	x	N/A	N/A	√	√	√	x	√	x	x	√	√	10
Cllr. M.Z. Mhlongo	N/A	√	√	√	√	√	√	N/A	N/A	√	√	√	x	√	√	√	√	√	14
Cllr. M.D. Mathenjwa	N/A	√	√	√	√	x	x	N/A	N/A	√	√	√	x	√	√	√	√	√	12
Cllr. B.N. Ntsele	N/A	√	√	√	√	√	x	N/A	N/A	√	√	√	√	√	√	√	√	√	14
Cllr. Z.M. Mhlongo	N/A	√	√	√	√	√	x	N/A	N/A	√	√	√	√	√	√	√	x	√	13
Cllr. B.T. Tembe(SPEAKER)	N/A	√	√	√	√	√	x	N/A	N/A	√	√	√	x	√	√	x	x	√	11
	N/A	√	√	√	x	x	x	N/A	N/A	√	√	√	x	√	x	x	√	√	09
Cllr. N.S. Mthethwa (Mayor)	N/A	√	√	√	√	√	√	N/A	N/A	√	√	√	√	√	√	√	√	√	15
Cllr. F.G. Mlambo (D. Mayor)	N/A	√	√	√	√	√	√	N/A	N/A	√	√	√	√	√	x	√	√	√	14

Cllr. S.N. Tembe	N/A	✓	✓	✓	✓	x	x	N/A	N/A	✓	✓	x	✓	✓	✓	x	x	✓	<b>10</b>
Cllr. M.Z. Mhlongo	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	✓	x	✓	✓	<b>14</b>
Cllr. M.D. Mathenjwa	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	x	✓	x	✓	<b>13</b>
Cllr. B.N. Ntsele	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	x	✓	x	x	✓	✓	<b>12</b>
Cllr. Z.M. Mhlongo	N/A	✓	✓	✓	x	✓	✓	N/A	N/A	✓	✓	x	x	✓	x	x	x	✓	<b>09</b>
Cllr. B.T. Tembe(SPEAKER)	N/A	✓	✓	✓	x	x	✓	N/A	N/A	✓	✓	✓	x	✓	x	✓	✓	✓	<b>11</b>
	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	x	x	✓	x	x	✓	✓	<b>11</b>
Cllr. N.S. Mthethwa (Mayor)	N/A	✓	✓	✓	x	x	✓	N/A	N/A	✓	✓	✓	x	✓	✓	x	✓	✓	<b>11</b>
Cllr. F.G. Mlambo (D. Mayor	N/A	✓	x	✓	✓	✓	x	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	<b>13</b>
Cllr. S.N. Tembe	N/A	✓	✓	X	✓	✓	✓	N/A	N/A	✓	✓	x	✓	✓	✓	✓	✓	✓	<b>13</b>
Cllr. M.Z. Mhlongo	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	X	✓	✓	✓	<b>14</b>
Cllr. M.D. Mathenjwa	N/A	✓	✓	✓	✓	✓	x	N/A	N/A	✓	✓	✓	✓	✓	x	✓	x	✓	<b>12</b>

Cllr. B.N. Ntsele	N/A	✓	✓	✓	✓	x	x	N/A	N/A	✓	✓	✓	x	✓	x	✓	x	✓	11
Cllr. Z.M. Mhlongo	N/A	✓	✓	✓	✓	✓	x	N/A	N/A	✓	✓	✓	x	✓	x	✓	✓	✓	12
Cllr. B.T. Tembe(SPEAKER)	N/A	✓	✓	✓	✓	x	✓	N/A	N/A	✓	✓	✓	✓	✓	x	x	✓	✓	12
	N/A	✓	✓	✓	✓	✓	x	N/A	N/A	✓	✓	x	✓	✓	✓	x	✓	✓	12
Cllr. N.S. Mthethwa (Mayor)	N/A	✓	✓	✓	✓	x	✓	N/A	N/A	✓	✓	✓	✓	✓	✓	x	✓	✓	13
Cllr. F.G. Mlambo (D. Mayor	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	x	✓	✓	✓	14
Cllr. S.N. Tembe	N/A	✓	✓	✓	✓	x	✓	N/A	N/A	✓	✓	✓	✓	✓	x	✓	✓	✓	13
Cllr. M.Z. Mhlongo	N/A	✓	✓	✓	x	x	x	N/A	N/A	✓	✓	✓							06
Cllr. M.D. Mathenjwa													✓	✓	✓	✓	✓	✓	06
Cllr. B.N. Ntsele	N/A	✓	✓	✓	✓	x	✓	N/A	N/A	✓	✓	✓	✓	✓	X	x	✓	✓	12
Cllr. Z.M. Mhlongo	N/A	✓	✓	✓	✓	x	✓	N/A	N/A	✓	✓	✓	✓	✓	x	x	✓	✓	12
Cllr. B.T. Tembe (SPEAKER)	N/A	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	✓	x	✓	✓	14

## APPENDIX D: THIRD TIER ADMINISTRATIVE STRUCTURE

DEPARTMENT	SECTION 54 & 56 DIRECTORS/ MANAGERS
<b>OFFICE OF THE MUNICIPAL MANAGER</b>	<b>Municipal Manager:</b> Mrs N.P. Gamede
Section Unit-Risk Management	<b>Manager Risk &amp; Compliance:</b> Mrs T.P. Nhlenyama
Section/Unit-IDP & Performance Management	<b>Manager IDP:</b> Mr M.N. Mthembu <b>Manager PMS:</b> Mr N.J. Mpontshane
Unit-Internal Audit	<b>Manager Internal Audit:</b> Miss K. Bhengu
<b>CORPORATE SERVICES DEPARTMENT</b>	<b>Director Corporate Services:</b> Miss N.V.F. Msane <b>Deputy Director Corporate Services:</b> Mr T.S. Mkhabela
Section/Unit-Human Resource Management	<b>Manager HR:</b> Miss L. Sithole
Section/unit-Legal and Administrative	N/A
Section/Unit-Information, Communication and Technology	<b>Manager IT:</b> Mr M.S. Ngubane
<b>DEPARTMENT: TECHNICAL SERVICES, PLANNING &amp; LED</b>	<b>Director Technical Services, Planning &amp; LED:</b> Mr M.S. Qwabe
Section/Unit: Civil Engineering	<b>Manager Technical:</b> Mrs F.S. Msabala <b>Senior Technical:</b> Miss N.L. Myeni
Section/Unit: Electrical Engineering	N/A
Section/Unit: Solid Waste	<b>Manager Waste:</b> Mrs N.F. Mngomezulu
Section/Unit: Town Planning	<b>Deputy Director Planning and Development:</b> Mr S.N. Zikhali <b>Manager Planning &amp; Development:</b> Miss Z. Macingwana
Section/Unit: LED	<b>Manager LED &amp; Tourism:</b> Miss N. Mathe
<b>COMMUNITY SERVICES DEPARTMENT</b>	<b>Director Community Services:</b> Mr T.S. Shange
Traffic, Law Enforcement and Licensing	<b>Manager Public Safety:</b> Mr S.L. Mahaye
Library and Information Management	<b>Librarian:</b> Miss S.F. Ndlazi
Community Development & Special Projects	<b>Manager Special Programmes:</b> Mr T.D. Mlambo
<b>DEPARTMENT: FINANCE-BUDGET &amp; TREASURY</b>	<b>Chief Financial Officer:</b> Mr N.P.E. Myeni <b>Deputy Director CFO:</b> Mrs N.P. Mkhabela
Supply Chain Management	<b>Manager SCM:</b> Mr M.N. Mthembu

## **APPENDIX E: RECOMMENDATIONS OF THE AUDIT COMMITTEE FOR THE YEAR 2020/2021**

### **AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE REPORT FOR THE 4<sup>TH</sup> QUARTER FOR THE FOR THE PERIOD 01 APRIL 2021 TO 30 JUNE 2021**

#### **1. PURPOSE**

To present the Report for the Fourth Quarter period between 1 April 2021 to 30 June 2021. Apprise Council of reviews and recommendations preferred by the Committee as required by the Municipal Finance Management Act, read in conjunction with the Audit and Performance Committee Charter.

#### **2. BACKGROUND**

The Audit and performance Committee comprises of four (5) members. The Municipal Manager, MANCO, the Mayor, the Office Auditor General and the Chairperson of MPAC have standing invitation to all Committee meetings. The present members of the Committee are the following:

- Mr. L. Hlengwa (AC Chairperson)
- Mr. Z Zulu (PAC Chairperson)
- Mr. B Mabika (AC Member)
- Ms. S. Gertz (AC Member)
- Mr M Simelane (AC Member)

#### **3.1 RESPONSIBILITIES**

The uMhlabuyalingana Audit and Performance Committee is constituted in terms of Section 166(4)(b) of the Local Government Finance Management Act of 2003 (Act no 56 of 2003).

#### **4.1 TERMS OF REFERENCE**

Key to the establishment of the Committee is sound governance and therefore it is expected for the Committee to operate within the scope and dictates of the approved Audit Committee Charter and, Section 166 of the Municipal Finance Management Act.

## **5.1 Reports**

The Report comprise of analysis, reviews, recommendations, and decisions taken by the Committee during Quarter 4 period ended 30 June 2021.

The Committee met three times during Quarter 4.

15 April 2021- AG AUDIT Outcome Report

07 May 2021- Special Audit Committee (Internal Audit Reports)

29 June 2021 – Ordinary Meeting

## **5.2. AG AUDIT OUTCOME REPORT**

The Audit committee met on the 15th of April 2021 with the office of the Auditor General. Mr Thabethe presented the Audit Report and Final Management Report.

Mr Thabethe highlighted the following in his presentation:

There was only one finding on Annexure A. This finding was from SCM section. This finding was material and pervasive and resulted in the Qualification.

There were items on Annexure B that the municipality must be make sure they don't go to Annexure A. The municipality must focus on correcting and preventing these findings from escalating to Annexure A.

Mr Thabethe also highlighted that there were no material adjustments on the Annual Financial Statements submitted for Audit.

He also stated that the municipality has done very well on oversight and has put strong controls to mitigate any deficiencies on controls.

In conclusion Mr Thabethe cautioned the municipality not to get complacent but to work on not regressing.

Please refer to the Management Report and Audit Report for detail document.

## **5.3 SPECIAL AUDIT COMMITTEE MEETING – INTERNAL AUDIT REPORTS**

A special Audit Committee meeting was arranged in order to deal with the Internal Audit Reports. The following Reports were presented by Mr Mzimela:

**Revenue Section Internal Audit Report:**

Internal Audit highlighted findings related to compliance to the Revenue policy. Mr Mzimela stated concerns on lack or non-compliance to the Revenue Policy. As a result of non-compliance there has been an increase in the debtors ratio.

**Fleet Management Internal Audit Report:**

Fleet Management section has always been high risk section. There are inconsistencies when comparing kilometres travelled and claim slips. Mr Mzimela stated that management needs to make sure that the policy is followed consistently and all records are kept.

Fleet Management remains high risk and requires more attention.

**OHS Internal Audit Report:**

This is a low-risk section but requires monitoring.

**SCM Internal Audit Report:**

Supply Chain Management has always been a high-risk section. Mr Mzimela highlighted areas of concerns in SCM which includes:

Minimum Quotations not obtained

Not Publishing of Adverts

Non-Compliance to SCM Policy

The Audit Committee was very worried and concerned about the report tabled by Internal Audit. SCM finding was the only finding on Annexure A of Auditor-General Report.

**Recommendation:**

The Audit Committee thanked Mr Mzimela for his presentation. Audit Committee recommended that the Municipality management must go back and correct all the findings before year-end. They must identify all irregular expenditure and ensure that it is complete and accurate.



#### **5.4 UPDATE ON INTERNAL AUDIT FINDINGS**

The Audit Committee received Internal Audit Reports for review. Mr. Mzimela presented the report to the Audit Committee. Mr. Mzimela highlighted some of the findings on Payroll and HR section. The Audit Committee noted these findings and asked the management to make sure that they have cleared these findings before year end.

The Audit Committee express its concerns about the findings presented as this was third quarter meeting being held in June 2021. The Audit Committee was worried about whether the municipality will be able to correct these findings

##### **Recommendation:**

The Audit Committee recommended that management must report on the next meeting on findings they have not been able to resolve if any. Also provide plan on mitigating these finding from happening in the future.

#### **5.5 REPORTS ON RISK MANAGMENT**

Mr Sithole the Risk Management Chairperson had requested not to present Risk items due to Covid 19 Challenges.

Mrs Nhlenyama presented the Risk Management items for Q2 and Q3. Mrs Nhlenyama presented the Top 10 risks identified. She stated that only one risk had been addressed, seven risks were in progress and two were not done.

The Audit Committee asked if the municipality will be able to address all risks since it was June already.

Mrs Nhlenyama responded by stating that some of risk would be deferred to next year due to budget constraint

##### **Recommendation:**

The Audit Committee expressed its disappointment on the low number of risk addressed. The audit committee recommended that the Risk team identify risk that cannot be achieved and advise how they will mitigate the risks.

## **5.6 INTERNAL AUDIT ACTION PLAN – PROGRESS REPORT**

Mr Mzimela presented the progress on Internal Audit Action Plan. She stated that due to Covid 19 they experienced challenges since some staff members were not working on site.

### **Recommendation:**

The Audit Committee noted the report and emphasised the importance of completing the Auction Plan.

## **5.7 FRAUD ALLEGATIONS**

The Municipal Manager Mrs Gamede gave an update on the on status of Fraud Investigations. The MM stated the investigations have not been completed.

### **Recommendation:**

The audit committee noted the report and asked the Municipal Manager to follow up and update the Audit Committee once CoGTA and The Hawks have finalised their reports.

### **5.8.1 Quarter 3 Finance Report**

Quarter three finance report was presented to the Audit Committee.

The report includes:

- Actual revenue, per revenue source;
- Actual borrowings;
- Actual expenditure, per vote;
- Actual capital expenditure, per vote;
- The amount of any allocations received;
- Debtors report;
- Creditors report;
- Investment report;
- Grants report;
- Loans report;
- Tender register;
- Irregular, unauthorized, fruitless and wasteful expenditure;
- Other assets purchased;
- Performance of service providers;
- Cost containment measures.

### **5.8.2 Quarter 3 Financial Statements**

The Audit Committee asked for quarterly financial statements to be presented during the Audit Committee Meetings. This was to try and prepare for the year end audit. This will improve the quality of the municipality's financial statements.

Quarter 3 Financial Statements were sent to Mr Hlengwa for review. Mr Hlengwa stated that since we are already in June 2021 and the Financials are based on Quarter 3. Rather we look at the final Financials for the end of June 2021. However, based on the set sent to him most of the disclosures were done and few sections were outstanding.

#### **Recommendation:**

The Audit Committee noted both reports and stated they would like to see more disclosures and ready for audit.

### **5.9 AG AUDIT ACTION PLAN**

The Audit Action Plan was sent to the Audit Committee for review. The Audit Committee asked if the responses and actions taken have been reviewed by the Internal Audit.

The CFO responded by saying not yet, the actions have not been seen by the Internal Audit.

#### **Recommendation:**

The Audit Committee recommended that The Action Plan must be reviewed by the Internal Auditors first before submitted to the Audit Committee.

#### **Conclusion:**

In conclusion we would like to thank the municipality management and council in ensuring that the municipality continues to function despite the current conditions.

Audit Committee Chairperson

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Mr L Hlengwa (CA)SA

## APPENDIX F: MUNICIPAL ENTITY/SERVICE PROVIDER'S PERFORMANCE SCHEDULE

The service provider's performance assessment is done in line with section number 46 (a, b & c) of Chapter 6 of the Municipal Systems Act 32 of 2000 and Section 116 of the Municipal Finance Management Act which regulates contract management, monitoring of contracts on a monthly basis. The report below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder. The monitoring of the service provider performance is given effect through the signing of the Service Level Agreement.

**Table 101: Assessment Key**

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

**Table 102: Service Provider's Performance**

Bid No	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Assessment of Service Providers Performance 2020-2021		
					G	S	P
UMHL 01/2019/2020	VUMESA (PTY)LTD (CONSULTANT FOR MBAZWANE TO KWAMBILA BLACK TOP ROAD)	05/08/2019	YES	R1 099 562.46	✓		
UMHL 13/2019/2020	MELOKUHLE TRADING ENTERPRISE (CONSTRUCTION FOR MBAZWANE TO KWAMBILA BLACK TOP ROAD)	04/12/2019	YES	R7 854 018.16	✓		
UMHL 02/2019/2020	SIMPULWAZI ENGINEER CC (CONSULTANT FOR MANZENGWENYA GRAVEL ROAD)	05/08/2019	YES	R302 539.49	✓		

UMHL 03/2019/2020	DLV ENGINEERS & PROJECT MANAGER (CONSULTANT FOR MASHABANE GRAVEL ROAD)	05/08/2019	YES	R295 000,00	✓		
UMHL 07/2019/2020	MELOKUHLE TRADING ENTERPRISE (CONSTRUCTION FOR MASHABANE GRAVEL ROAD)	04/12/2019	YES	R4 705 000,00	✓		
UMHL 04/2019/2020	SIMPHULWAZI ENGINEERS CC (CONSULTANT OF ESIPHAHLENI GRAVEL ROAD)	05/08/2019	YES	R251 185,20	✓		
UMHL 14/2019/2020	ATHINDURA TRADING (CONSTRUCTION OF ESIPHAHLENI GRAVEL ROAD)	31/07/2018 25/11/2019	YES	R3 139 814,87	✓		
UMHL 17/2019/2020	SIYARORO TRADING (MQOBELA GRAVEL ROAD PHASE TWO)	25/02/2020	YES	R1 112 050,00	✓		
MHL18 /2019/2020	ZALOPHATH (PTY) LTD (CONSTRUCTION OF LIBRARY POST OFFICE TARRED ROAD)	03/02/2020	YES	R1 180 074,91	✓		
UMHL 16/2019/2020	STIRA CONSULTING (CONSTRUCTION OF MOSES ZIKHALI ACCESS ROAD)	03/02/2020	YES	R1 631 905,00	✓		
UMHL 25/2018/2019	MAKHELENI CONSTRUCTION	29/03/2019	YES	R5 300 000,00	✓		
UMHL 20/2019/2020	SHEMULA CIVIL CONSTRUCTION (CONSTRUCTION OF IYK GRAVEL ROAD PHASE TWO)	03/02/2020	YES	R3 000 000,00	✓		
UMHL 19/2019/2020	UMHLATHUZE CONSTRUCTION INDUSRIEL (CONSTRUCTION OF OTHUNGWINII ACCESS ROAD PHASE TWO)	03/02/2020	YES	R1 289 99,83	✓		
UMHL 02/2020/2021	SIMPHULWAZI ENGINEER CONSULTANT OF EKUTHUKUZENI ACCESS ROAD	01/07/2020	YES	R520 440,88	✓		
UMHL 09/2020/2021	ABRAM MASHEGO CONSTRUCTION OF	09/12/2020	YES	R6 505 511,00	✓		
UMHL 10/2020/2021	SIYARORO CONSTRUCTION OF MANZENGWENYA GRAVEL ROAD	26/10/2020	YES	R3 781 743,68	✓		

UMHL 02/2019/2020	SIMPHULWAZI ENGINEERS CONSULTANT	01/07/2020	YES	R302 539.49	✓		
UMHL 01/2020/2021	THANDIZWE BLACK TOP ROAD	01/07/2020	YES	R1 403 934.49	✓		
UMHL 11/2020/2021	SIMPHULWAZI ENGINEERS CONSULTANTS				✓		
	SNX CONTRACTORS CONSTRUCTION	14/12/2020	YES	R17 549 181.13			
UMHL 12/2020/2021	ZE NXUMALO TRADING CONSTRUCTION OF WARD 5 ACCESS ROAD		YES	R4 734 492	✓		
UMHL03/2020/2021	BVI CONSULTING ENGINEERS CONSULTANT	01/07/2020	YES	R4 308 38.77	✓		
UMHL 08/2020/2021	TPS DEVELOPMENT PROJECT SPATIAL DEVELOPMENT FRAMEWORK	01/02/2021	YES	R5 050 000.00	✓		
UMHL03/2018/2019	HAMSA CONSULTING ENGINEERS (ELECTRIFICATION FOR MLAMULI TO JIKIJELA)	14/09/2018	YES	R20 881 733.00	✓		
UMHL 04/2018/2019	HAMSA CONSULTING ENGINEERS (MANGUZI ELECTRIFICATION)	14/09/2018	YES	R8 207 8144,00	✓		

## APPENDIX G: DISCLOSURE OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTERESTS FROM 01 JULY 2020 TO 30 JUNE 2021		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
Mayor	Cllr. N.S. Mthethwa	N/A
Councillor/s	Cllr. B.T. Tembe (Speaker)	100% financial interest and director of Shengera Hippo Lodge T/A Kosi Bay Hippo Lodge
		50% financial interest and director of Ubambiswano Management Services
		Member of Ngwane Family Trust
		Director of Tembe Timber Enterprises
		Director of Indalo Traditional Cloth
Municipal Manager	Mrs N.P. Gamede	N/A
Chief Financial Officer	Mr N.P.E Myeni	N/A
Other HODs	Mr M.S Qwabe	N/A
	Mr T. Shange	N/A
	Miss N.V.F. Msane	N/A

**APPENDIX H (I): REVENUE COLLECTION BY VOTE FOR 2020/2021**

REVENUE TYPE	AMOUNT (R)
Service Charges	624 360
Property Rate	21 771 606
Government Grants and Subsidies	272 047 866
Rental Income	395 302
Fines, Penalties and Forfeits	1 047 350
Interest Received – Investments	1 995 584
Interest on Rates – Outstanding debtors	-
Other Income	350 055
Licensing and permits	3 237 150
Commission Received	154 121



**APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE FOR 2020/2021**

REVENUE TYPE	AMOUNT (R)
Service Charges	624 360
Property Rate	21 771 606
Government Grants and Subsidies	272 047 866
Rental Income	395 302
Fines, Penalties and Forfeits	1 047 350
Interest Received – Investments	1 995 584
Interest on Rates – Outstanding debtors	-
Other Income	350 055
Licensing and permits	3 237 150
Commission Received	154 121

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**APPENDIX I: CONDITIONAL GRANTS RECEIVED INCLUDING MIG DURING 2020/2021**

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GRANT NAME	AMOUNT RECEIVED (R)
Municipal Infrastructure Grant	34 276 000
Financial Management Grant	1 900 000
Community Library Services Grant	863 000
Provincialization of Libraries Grant	1 809 000
Integrated National Electrification Programme Grant	10 500 000
Expanded Public Works Programme Grant	2 952 000
<b>Total</b>	<b>52 300 000</b>

## APPENDIX J: CAPITAL PROGRAMME BY PROJECT-YEAR 2020/2021

PROJECT DESCRIPTION	AMOUNT (R)
<b>Roads</b>	
Posini - Library Access Road	2 671 610
Youth Enterprise Park	-
IYK Tared Road	1 307 706
Kwambila BlackTop	3 796 001
Mqobela Access Road	1 800 848
Moses Zikhali Access Road	255 535
Othungwini Access Road	-
Mashabena Access Road	541 954
Manzengwenya Access Road	3 346 249
Thandizwe BlackTop Road	17 312 803
Ekuthukuzeni Access Road	6 424 455
Ward 5 Access Road	4 634 953
KwaShodi Access Road	170 142
<b>Total</b>	<b>42 262 255</b>
<b>Community Halls and Centres</b>	
Manguzi Multipurpose Centre (Phase 2)	9 498 100
Manguzi Boarder Market	1 043 470
<b>Total</b>	<b>10 541 570</b>
<b>Other Buildings</b>	
Municipal Office Extension	362 473
<b>Total</b>	<b>362 473</b>

**APPENDIX K: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY-  
2020/21**

Loans/Grants Made by the Municipality	Project Name	Conditions Attached to Funding	Year	Total Amount Committed Over Previous & Future Years
uMhlabyalingana Municipality does not have any loans.				

