eThekwini Municipality and its Municipal Entities
Annual Financial statements
for the year ended June 30, 2021

GENERAL INFORMATION

LEGAL FORM OF ENTITY	Municipality in terms of Section 1 of the Local Government Municipal Structures Act (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996).
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development , and to promote a safe and healthy environment.
ACCOUNTING OFFICER	Mr. T. B. Mbhele (acting City Manager w.e.f. 01 July 2021)
REGISTERED OFFICE	City Hall Dr. Pixley Kaseme Street Durban 4000
POSTAL ADDRESS	P O Box 1014 Durban 4000
BANKERS	Nedbank P O Box 5662, Durban, 4000
AUDITORS	The Auditor-General, South Africa

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COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Tax
DBSA	Development Bank of South Africa
MFMA	Municipal Finance Management Act
GRAP	Generally Recognised Accounting Practice
PPE	Property, Plant and Equipment
HDF	Housing Development Fund
SALA	South African Local Authority Pension Fund
MSCOA	Municipal Standard Chart of Accounts
DMOSS	Durban Metropolitan Open Space System
ME's	Municipal Entities
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund
NJMPF	Natal Joint Municipal Pension Fund
DOHS	Department of Human Settlements
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee

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 were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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.

I, as the Acting Accounting Officer, acknowledge that I am 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 me to meet these responsibilities, I have set 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.

I am 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.

I have 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, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the eThekwini Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality. Refer to Note 57 Going Concern.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2021

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

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 34 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 auditor, being the Auditor General of South Africa, is responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 6 to 153.

Acting Accounting Officer

Date: 12-01-2022

Statement of Financial Position as at June 30, 2021

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	2	614,346	692,049	609,609	684,303
Receivables from exchange transactions	3	2,687,693	2,310,719	2,675,033	2,305,736
Receivables from non-exchange transactions	4	157,385	51,618	155,303	50,615
VAT receivable	5	-	216,996	-	218,239
Consumer debtors	6	7,140,649	6,242,924	7,210,718	6,278,862
Current portion of long term receivables	7	65,135	59,582	65,135	59,582
Call investment deposits	8	174,145	565,224	150,000	530,000
Investments	9	4,634,562	3,873,157	4,550,000	3,750,000
Cash and bank balances	9	644,976	256,723	626,544	211,446
		16,118,891	**14,268,992**	**16,042,342**	**14,088,783**
Non-Current Assets					
Investment property	10	278,296	282,522	225,366	227,698
Property, plant and equipment	11	53,246,796	52,021,678	52,919,793	51,677,127
Intangible assets	12	507,980	617,791	507,056	616,803
Heritage assets	13	27,892	24,321	27,892	24,321
Investments in controlled entities	14	-	-	695,808	771,655
Interest in joint ventures	15	67,341	75,541	67,341	75,541
Deferred tax	62	37,267	17,996	-	-
Deferred income		77	386	-	-
Long term receivables	7	60,032	65,642	60,032	65,642
		54,225,681	**53,105,877**	**54,503,288**	**53,458,787**
Total Assets		**70,344,572**	**67,374,869**	**70,545,630**	**67,547,570**
Liabilities					
Current Liabilities					
External borrowings	16	850,705	851,433	850,705	851,433
Payables from exchange transactions	17	7,995,380	7,640,645	8,013,101	7,663,985
Transfers payable from non-exchange transactions	18	47,271	43,599	70,346	47,785
VAT payable		98,139	-	95,739	-
Consumer deposits	19	2,559,002	2,505,064	2,547,961	2,489,358
Employee benefit obligation	20	919,611	817,184	919,611	817,184
Unspent conditional grants and receipts	21	1,347,403	1,186,040	1,347,403	1,186,040
Provisions	22	1,206,899	961,944	1,200,392	953,764
		15,024,410	**14,005,909**	**15,045,258**	**14,009,549**
Non-Current Liabilities					
External borrowings	16	8,207,995	7,515,742	8,207,995	7,515,742
Employee benefit obligation	20	3,445,968	2,977,472	3,445,968	2,977,472
Provisions	22	1,558,866	1,264,905	1,558,158	1,264,295
		13,212,829	**11,758,119**	**13,212,121**	**11,757,509**
Total Liabilities		**28,237,239**	**25,764,028**	**28,257,379**	**25,767,058**
		42,107,333	**41,610,841**	**42,288,251**	**41,780,512**

* See Note 45

Statement of Financial Position as at June 30, 2021

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Housing Development Fund	23	57,470	57,470	57,470	57,470
Accumulated surplus		42,049,863	41,553,371	42,230,781	41,723,042
Total net assets		**42,107,333**	**41,610,841**	**42,288,251**	**41,780,512**

* See Note 45

STATEMENT OF FINANCIAL PERFORMANCE

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	24	20,993,425	19,682,098	21,035,842	19,733,993
Housing development construction contract revenue	25	392,653	350,419	392,653	350,419
Rental of facilities and equipment	26	707,524	687,304	711,246	692,512
Other income	27	290,425	522,605	238,128	330,328
Interest received	28	238,292	833,918	229,142	814,407
Share of income from Joint Ventures	15	12,383	-	12,383	-
Total revenue from exchange transactions		**22,634,702**	**22,076,344**	**22,619,394**	**21,921,659**
Revenue from non-exchange transactions					
Taxation revenue					
Fines	29	189,906	188,619	189,906	188,619
Property rates	30	9,231,285	8,742,366	9,239,422	8,749,530
Property rates - penalties imposed		743	168,864	743	168,864
Licences and permits		50,424	48,055	50,424	48,055
Transfer revenue					
Government grants and subsidies	31	6,920,651	6,759,911	6,920,651	6,759,911
Levies	32	2,854,469	2,610,602	2,854,469	2,610,602
Public contributions and donations		4,192	22,324	3,526	14,754
Donations - Property, plant and equipment		853	296	853	296
Reversal of impairment - Municipal Entities	14	-	-	-	2,323
Total revenue from non-exchange transactions		**19,252,523**	**18,541,037**	**19,259,994**	**18,542,954**
Total revenue		**41,887,225**	**40,617,381**	**41,879,388**	**40,464,613**
Expenditure					
Employee related costs	33	(12,631,141)	(11,196,794)	(12,507,556)	(11,024,775)
Remuneration of councillors	34	(128,509)	(131,614)	(128,509)	(131,614)
Amortisation - Intangible assets	12	(133,527)	(235,750)	(133,342)	(235,134)
Impairment loss - Investment properties	10	(132)	(585)	(132)	(585)
Depreciation - Property, plant and equipment	11	(2,561,757)	(2,550,303)	(2,530,440)	(2,506,674)
Impairment loss - Property, plant and equipment	11	(156,155)	(18,002)	(156,155)	(16,017)
Finance costs	35	(824,222)	(917,407)	(824,222)	(917,407)
Lease rentals on operating lease		(132,677)	(137,873)	(132,258)	(137,266)
Debt impairment	49	(2,156,814)	(2,798,473)	(2,152,322)	(2,796,569)
Depreciation - Investment properties	10	(2,444)	(2,801)	(550)	(791)
Bulk purchases	36	(14,168,788)	(13,237,264)	(14,168,788)	(13,237,264)
Contracted services	37	(4,417,109)	(4,973,369)	(4,407,536)	(4,959,562)
Grants and subsidies	38	(545,213)	(571,269)	(721,169)	(738,994)
Housing development construction contract expenditure	25	(392,653)	(350,419)	(392,653)	(350,419)
Loss on disposal of assets		(1,343)	(51,915)	(971)	(51,709)
Share of losses from Joint Ventures	15	-	(9,478)	-	(9,478)
Impairment loss - Investment in Municipal Entities	14	-	-	(75,847)	-
General expenses	39	(3,122,778)	(3,157,391)	(3,004,457)	(3,034,144)
Total expenditure		**(41,375,262)**	**(40,340,707)**	**(41,336,907)**	**(40,148,402)**
Surplus before taxation		**511,963**	**276,674**	**542,481**	**316,211**
Taxation	59	19,271	8,767	-	-

* See Note 45

Statement of Financial Performance

Figures in Rand thousand	Note(s)	Group and Municipality		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
Surplus for the year from continuing operations		**531,234**	**285,441**	**542,481**	**316,211**
Changes in estimates	60	(34,742)	(27,630)	(34,742)	(27,630)
Surplus for the year		**496,492**	**257,811**	**507,739**	**288,581**

* See Note 45

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated surplus	Total net assets
Group and Municipality			
Opening balance as previously reported	57,470	42,601,249	42,658,719
Adjustments			
Prior year adjustments (prior to 2019/20)	-	(1,305,689)	(1,305,689)
Balance at July 1, 2019 as restated	**57,470**	**41,295,560**	**41,353,030**
Changes in net assets			
Surplus for the year as previously reported	-	403,150	403,150
Total changes	-	403,150	403,150
Opening balance	57,470	41,698,710	41,756,180
Adjustments			
Prior year adjustments (2019/20)	-	(145,339)	(145,339)
Balance at July 01, 2020 as restated*	**57,470**	**41,553,371**	**41,610,841**
Changes in net assets			
Surplus for the year	-	496,492	496,492
Total changes	-	496,492	496,492
Balance at June 30, 2021	**57,470**	**42,049,863**	**42,107,333**
Note(s)			
Municipality			
Opening balance as previously reported	57,470	42,719,198	42,776,668
Adjustments			
Prior year adjustments (prior to 2019/20)	-	(1,284,737)	(1,284,737)
Balance at July 1, 2019 as restated	**57,470**	**41,434,461**	**41,491,931**
Changes in net assets			
Surplus for the year as previously reported	-	433,246	433,246
Total changes	-	433,246	433,246
Opening balance	57,470	41,867,707	41,925,177
Adjustments			
Prior year adjustments (2019/20)	-	(144,665)	(144,665)
Balance at July 01, 2020 as restated*	**57,470**	**41,723,042**	**41,780,512**
Changes in net assets			
Surplus for the year	-	507,739	507,739
Total changes	-	507,739	507,739
Balance at June 30, 2021	**57,470**	**42,230,781**	**42,288,251**

* See Note 45

Cash Flow Statement

Figures in Rand thousand	Note(s)	Group and Municipality 2021	Group and Municipality 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
Cash flows from operating activities					
Receipts					
Ratepayers, Government and other		38,608,375	36,772,070	38,626,746	36,659,937
Interest income		237,233	507,645	228,083	488,134
		38,845,608	37,279,715	38,854,829	37,148,071
Payments					
Employee costs and suppliers		(33,992,919)	(32,939,483)	(33,939,883)	(32,773,089)
Finance costs		(824,222)	(917,407)	(824,222)	(917,407)
		(34,817,141)	(33,856,890)	(34,764,105)	(33,690,496)
Net cash flows from operating activities	40	**4,028,467**	**3,422,825**	**4,090,724**	**3,457,575**
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(3,950,218)	(4,423,227)	(3,936,073)	(4,405,645)
Proceeds from sale of property, plant and equipment	11	1,697	(28,747)	1,685	(28,793)
Purchase of investment property	10	-	(137)	-	-
Purchase of other intangible assets	12	(17,065)	(123,632)	(16,936)	(123,226)
Purchases of heritage assets	13	(3,571)	(30)	(3,571)	(30)
Capital repayment received from Joint Venture		20,583	-	20,583	-
(Increase) / decrease in non-current receivables		(12,839)	(11,943)	(12,839)	(11,943)
Net cash flows from investing activities		**(3,961,413)**	**(4,587,716)**	**(3,947,151)**	**(4,569,637)**
Cash flows from financing activities					
Proceeds from external borrowings		1,500,000	-	1,500,000	-
Repayment of external borrowings		(808,475)	(1,052,740)	(808,475)	(1,052,740)
Net cash flows from financing activities		**691,525**	**(1,052,740)**	**691,525**	**(1,052,740)**
Net increase/(decrease) in cash and cash equivalents		**758,579**	**(2,217,631)**	**835,098**	**(2,164,802)**
Cash and cash equivalents at the beginning of the year		4,695,104	6,912,735	4,491,446	6,656,248
Cash and cash equivalents at the end of the year	9	**5,453,683**	**4,695,104**	**5,326,544**	**4,491,446**

Purchases of capital assets exclude non-cash items such as donations valued at R853 thousand in the current year (2020: R296 thousand). Prior year cost adjustments are excluded in calculating additions for the comparative year cash flow statement.

* See Note 45

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget
Group and Municipality						
Statement of Financial Performance						
Revenue						
Property rates	9,345,000	-	**9,345,000**	9,231,285	**(113,715)**	99%
Service charges	21,554,738	255,109	**21,809,847**	20,993,425	**(816,422)**	96%
Investment revenue	324,478	(4,202)	**320,276**	237,233	**(83,043)**	74%
Transfers recognised	7,618,870	257,784	**7,876,654**	6,920,651	**(956,003)**	88%
Other revenue	5,229,768	(512,160)	**4,717,608**	4,492,248	**(225,360)**	95%
Total revenue	**44,072,854**	**(3,469)**	**44,069,385**	**41,874,842**	**(2,194,543)**	**95%**
Expenditure						
Employee related costs	(10,751,491)	(1,870,004)	**(12,621,495)**	(12,631,141)	**(9,646)**	100%
Remuneration of councillors	(139,858)	10,120	**(129,738)**	(128,509)	**1,229**	99%
Depreciation and asset impairment	(2,958,028)	302,523	**(2,655,505)**	(2,854,015)	**(198,510)**	107%
Finance costs	(845,099)	33,808	**(811,291)**	(824,222)	**(12,931)**	102%
Debt Impairment	(2,789,923)	392,560	**(2,397,363)**	(2,156,814)	**240,549**	90%
Materials and bulk purchases	(14,629,799)	(818,888)	**(15,448,687)**	(15,346,281)	**102,406**	99%
Transfers and grants	(568,253)	15,488	**(552,765)**	(545,213)	**7,552**	99%
Other expenditure	(7,479,444)	431,430	**(7,048,014)**	(6,889,067)	**158,947**	98%
Total expenditure	**(40,161,895)**	**(1,502,963)**	**(41,664,858)**	**(41,375,262)**	**289,596**	**99%**
Operating surplus	**3,910,959**	**(1,506,432)**	**2,404,527**	**499,580**	**(1,904,947)**	
Share of income from Joint Ventures	-	-	**-**	12,383	**12,383**	
Taxation	-	-	**-**	19,271	**19,271**	
	-	**-**	**-**	**31,654**	**31,654**	
Surplus / (Deficit)	**3,910,959**	**(1,506,432)**	**2,404,527**	**531,234**	**(1,873,293)**	
Surplus for the year before changes in estimates	**3,910,959**	**(1,506,432)**	**2,404,527**	**531,234**	**(1,873,293)**	
Changes in estimates	-	-	**-**	(34,742)	**(34,742)**	
Surplus for the year	**3,910,959**	**(1,506,432)**	**2,404,527**	**496,492**	**(1,908,035)**	
Capital expenditure and funds sources						
Sources of capital funds						
Transfers recognised - capital	3,528,324	(361,308)	**3,167,016**	2,422,113	**(744,903)**	76%
Borrowing	1,023,498	501,500	**1,524,998**	1,524,998	**-**	100%
Internally generated funds	240,947	483,197	**724,144**	296,463	**(427,681)**	41%
Total capital expenditure	**4,792,769**	**623,389**	**5,416,158**	**4,243,574**	**(1,172,584)**	**78%**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget
Municipality						
Statement of Financial Performance						
Revenue						
Property rates	9,345,000	-	**9,345,000**	9,239,422	**(105,578)**	99%
Service charges	21,554,738	255,109	**21,809,847**	21,035,842	**(774,005)**	96%
Investment revenue	313,366	-	**313,366**	228,083	**(85,283)**	73%
Transfers recognised	7,615,727	260,206	**7,875,933**	6,920,651	**(955,282)**	88%
Other revenue	4,726,694	(236,477)	**4,490,217**	4,443,007	**(47,210)**	99%
Total revenue	**43,555,525**	**278,838**	**43,834,363**	**41,867,005**	**(1,967,358)**	**96%**
Expenditure						
Employee related costs	(10,566,308)	(1,924,095)	**(12,490,403)**	(12,507,556)	**(17,153)**	100%
Remuneration of councillors	(139,858)	10,120	**(129,738)**	(128,509)	**1,229**	99%
Depreciation and asset impairment	(2,903,785)	295,735	**(2,608,050)**	(2,820,619)	**(212,569)**	108%
Finance costs	(845,099)	33,808	**(811,291)**	(824,222)	**(12,931)**	102%
Debt Impairment	(2,789,662)	393,339	**(2,396,323)**	(2,152,322)	**244,001**	90%
Materials and bulk purchases	(14,590,486)	(838,606)	**(15,429,092)**	(15,340,013)	**89,079**	99%
Transfers and grants	(569,440)	(7,387)	**(576,827)**	(721,169)	**(144,342)**	125%
Other expenditure	(7,237,827)	372,090	**(6,865,737)**	(6,842,497)	**23,240**	99%
Total expenditure	**(39,642,465)**	**(1,664,996)**	**(41,307,461)**	**(41,336,907)**	**(29,446)**	**100%**
Operating surplus	**3,913,060**	**(1,386,158)**	**2,526,902**	**530,098**	**(1,996,804)**	
Share of income from Joint Ventures	-	-	**-**	12,383	**12,383**	
Surplus / (Deficit)	**3,913,060**	**(1,386,158)**	**2,526,902**	**542,481**	**(1,984,421)**	
Surplus for the year before changes in estimates	**3,913,060**	**(1,386,158)**	**2,526,902**	**542,481**	**(1,984,421)**	
Changes in estimates	-	-	**-**	(34,742)	**(34,742)**	
Surplus for the year	**3,913,060**	**(1,386,158)**	**2,526,902**	**507,739**	**(2,019,163)**	
Capital expenditure and funds sources						
Sources of capital funds						
Transfers recognised - capital	3,528,324	(361,308)	**3,167,016**	2,422,113	**(744,903)**	76%
Borrowing	1,023,498	501,500	**1,524,998**	1,524,998	**-**	100%
Internally generated funds	147,837	555,905	**703,742**	283,097	**(420,645)**	40%
Total capital expenditure	**4,699,659**	**696,097**	**5,395,756**	**4,230,208**	**(1,165,548)**	**78%**

Accounting Policies

1. Summary of significant accounting policies

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Financial Statements, is disclosed below:

1.1 Authorisation of the Financial Statements

The Financial Statements of eThekwini Municipality and its entities for the year ended 30 June 2021 were authorized for issue by the Accounting Officer on 30 September 2021.

1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in terms of section 122 of the Municipal Finance Management Act.

These 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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5. These accounting policies and the applicable disclosures have been based on the International Public Sector Accounting Standards and the International Financial Reporting Standards, including any interpretations of such Statements issued by the International Accounting Standards Board and International Public Sector Accounting Standards Board respectively.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. Only Standards of GRAP, IGRAP Standards, Directives, Guidelines and IFRS Standards applicable to the Municipality have been disclosed.

At the date of authorisation of these financial statements, the following pronouncements were not yet effective or were not authoritative for the year presented:

Guideline: Accounting for Landfill Sites

This guideline covers the following accounting aspects:

- Accounting for land and the landfill site asset.

- Costs to be capitalised as part of the landfill site asset and how these should be depreciated and tested for impairment.

- Costs to be included in the rehabilitation provision, including the treatment of monitoring and inspection expenses to be undertaken after the closure of the landfill site.

- Accounting for changes in costs, discount rates, other estimates in relation to the rehabilitation provision, and changes in future events such as legislation, and how these changes impact the initial measurement of the landfill site asset.

The municipality has considered the guideline in formulating the accounting policy.

Guideline: Application of Materiality to Financial Statements

This guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements.

The municipality has considered the guideline in formulating the accounting policy.

1.3 Presentation currency

These Financial Statements are presented in South African Rand, which is the functional currency of the Municipality and all values are rounded to the nearest thousand (R000).

Accounting Policies

1.4 Going concern assumption

These Financial Statements were prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months (refer note 57).

1.5 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending online items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2020 to 30 June 2021.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

1.7 Current year comparatives

When the presentation or classification of items in the Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP.

The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods, except to the extent where there is a change in an accounting policy affecting presentation, classification, or disclosure.

1.8 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Municipality at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the Statement of Financial Performance.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Accounting Policies

1.9 Materiality

Materiality is informed by both quantitative and qualitative factors. In order to determine materiality in the context of these quantitative and qualitative factors, it is important to establish the primary users of the Municipality's annual financial statements.

The mandate of the Municipality is to provide service delivery to its constituents in line with the Integrated Development Plan, the Constitution, together with National and Provincial strategic objectives. The primary users of the annual financial statements are therefore the Municipality's service constituents and these users are mainly interested in information pertaining to sustainable service delivery.

Qualitative materiality refers to the non-financial information that is useful to the users of annual financial statements as it impacts on their ability to make informed decisions. Information about compliance or non-compliance with legislation, supporting regulations or similar means may be material because of its nature, irrespective of the magnitude of any amounts involved. Nature refers to, amongst others, the legislative requirements, new laws, public interest, importance of balances or transactions, complexity of transactions and ethics.

The following information is qualitatively material based on the needs of the users of the Municipality's annual financial statements:
• Disclosures required by the applicable regulatory reporting framework and legislations
• Information that is in the public interest
• Governance and ethical considerations
• Complex transactions requiring high degree of estimation or judgement
• Transactions not within the normal operations of the Municipality
• Related party disclosures
• Information that has an impact on key ratios used to evaluate the Municipality's financial position, results of operations or cash flows. i.e. MFMA Circular 71 Uniform Financial Ratios

Professional judgement is exercised in assessing the importance of these qualitative factors in determining materiality.

Quantitative materiality refers to the financial information that is useful to the users of annual financial statements as it impacts on their ability to make informed decisions.

A prudent and conservative approach has been applied by using the lowest percentages on the ranges calculated to provide sufficient information to the users of annual financial statements that will enable them to make informed decisions.

Element:	Total Assets
Baseline (R) - 30 June 2020 figures:	R68 814 034 000
Percentage (%)	0.25%
Materiality level (R)	R172 035 085

Overall materially at a Financial Statement level is R172,035,085.

1.10 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Accounting Policies

1.11 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Initial Recognition

Intangible assets are initially measured at cost and comprise of software, trademarks and servitudes. The cost of an item of intangible assets is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- The Municipality intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.
- The Municipality has the resources to complete the project.
- It is probable that the Municipality will receive future economic benefits or service potential.
- The Municipality is able to use or sell the intangible asset.
- The Municipality is able to measure reliably the expenditure attributable to the intangible asset during its development.

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

Servitudes are classified as intangible assets. Servitudes are rights that are not amortised as they have an indefinite useful life. The servitude rights are considered to have an indefinite useful life as these are granted to the Municipality for an indefinite period and also taking into consideration the nature of the asset as well as service delivery mandates of the Municipality linked to these assets. Servitudes are rights associated with land which is not depreciable on the basis that it has an indefinite useful life.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil. Transfers from intangible assets are made when the particular asset no longer meets the definition of an intangible asset.

Amortisation and Impairment
Intangible assets are amortised on a straight line method over their estimated useful lives, as follows:

Details	Years
Computer Software	2 - 20 years
Servitudes	indefinite
Trademarks	80 years

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

Derecognition:

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

Accounting Policies

1.11 Intangible assets (continued)
the Statement of Financial Performance.

1.12 Employee Benefits Obligations

1.12.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as wages, salaries, social security contributions, 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. Shift and night allowances are separately disclosed from overtime payments and form part of other employee related costs.

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 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.

1.12.2 Defined contribution plans

The Municipality provides retirement benefits for its employees and councillors. 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 Municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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

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

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

Accounting Policies

1.12 Employee Benefits Obligations (continued)

1.12.3 Pension obligations

The Municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 86% of staff.

The Municipality has both defined benefit and defined contribution plans.
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The following are defined benefit funds:
Durban Pension Fund
Government Employee's Pension Fund
Natal Joint Municipal Pension Fund - Superannuation
Natal Joint Municipal Pension Fund - Retirement Durban Pension Fund

The following are defined contribution funds:
KZN Pension Fund
Multi Linked
SALA
The other fund is a Provident Fund administered by Natal Joint Municipal Pension Fund.
Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

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

The liability/asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates, best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Any asset is limited to the net total of the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets plus any liability that may arise as a result of a minimum funding requirement, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Durban Marine Theme Park (proprietary) limited reimburses uShaka Management (Pty) Ltd for the cost of the provident fund which is governed by the pension’s funds act of 1956. Contributions are based on a percentage of the payroll and charged to the statement of financial performance in the year to which they relate.

All staff of the I.C.C (proprietary) Limited are members of the I.C.C pension fund which is defined contribution fund.

Accounting Policies

1.12 Employee Benefits Obligations (continued)

1.12.4 Other post-employment benefit obligations

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

Multi-Employer Retirement Benefit Plans

The Municipality contributes to Government Employees Pension Fund, Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The Municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of Annual Financial Statements are compiled for each fund not per employer. Further details of this plan are included in note 20.

1.12.5 Other Long-Term Employee Benefits

Other long-term employee benefits are in respect of long service awards. The amount recognised as a liability for long service awards is the present value of the defined benefit obligation at the reporting date using the Projected Unit Credit Method. There are no plan assets to settle the defined benefit obligation for long service awards.

The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows after taking into account rates of employee turnover, discounting rate, and future salary and benefit levels.

The liability recognised in the Statement of Financial Position in respect of defined long service benefits is equal to the defined benefit obligation at the balance sheet date after taking into account adjustments for unrecognised actuarial gains or losses and past service costs.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

Accounting Policies

1.13 Significant Judgements

In the application of the Municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements include:

Post Retirement Benefits, Multi-Employer Retirement Benefit Plans and Other Long-Term Employee Benefits

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

The Municipality determines the appropriate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that are best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in notes.

The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The Municipality's liability in these funds could not be determined because the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan are included in the notes to the financial statements.

The present value of the long service award defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions and factors such as the rates of employee turnover, discounts rates, and future salary and benefit levels, which take into account market conditions.

Provision for impairment of trade receivables

The provision for impairment is measured as the difference between the asset's carrying amount and the recoverable amount. The recoverable amount is calculated based on the default history of debtors. Debtors are categorised per service type and a combination of the collection rate and age analysis per service type is used to calculate the recoverable amount. For property rates, past payment trends are used to calculate the recoverable amount since these debtors have a longer prescription period.

Accounting Policies

1.13 Significant Judgements (continued)

Non-cash generating and cash generating impairment testing

Management uses the higher of the fair value less cost to sell and value in use to determine the recoverable amount of assets with an indefinite useful life and identifying assets that may have been impaired. Where there is no active market to calculate the fair value less cost to sell, the recoverable amount is based on the value in use.

The assets of the Municipality are linked to functional departments that provide the following core services of the Municipality: electricity, water, sanitation, solid waste, gas to electricity, rates and general, joint ventures and municipal entities.

The assets linked to the provision of water, sanitation, solid waste and gas to electricity services are held to provide basic service delivery in line with section 24 and 27 of the South African Constitution stating that people have a right to an environment that is not harmful to their health or well-being, to have the environment protected for the present and future generations and a right of access to water. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

The assets linked to the provision of electricity are held to provide service delivery. Even though the Constitution does not deal with energy explicitly, electricity reticulation is identified as a municipal function and the Municipality regards the provision of electricity as part of its basic services since it is a necessity and improves the quality of life. Furthermore, these assets do not generate a commercial return since the tariffs charged by the electricity department are below market rates, being the rates charged by Eskom and other metropolitan municipalities. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

The assets linked to the provision of rates and general services (i.e. parks, recreation and culture, human settlements etc.) are held to provide service delivery. There is no/nominal tariff charged for these services and the cost of providing these services is recovered through the rates imposed on the residents in the city. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

Municipal entities consist of Durban ICC SOC and Durban Marine Theme Park SOC. The intention behind holding these investments is to boost the economic activity within the eThekwini region since these entities are centred as tourist attractions. Any returns realised are considered to be incidental. The Municipality provides certain grants to these entities to fund their operations and also provides a surety for the cash flow shortfalls. The investments in these entities are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment. To the extent that the underlying assets of the municipal entities generate commercial returns, these assets are designated as cash generating assets on the consolidated annual financial statements, whereas in all other cases they are designated as non-cash generating assets.

The Municipality has two joint ventures, Effingham Development Joint Venture and Durban Point Development Company. The intention of holding these investments is to develop and market the serviced sites in an attempt to boost economic activity within the eThekwini region. Any returns realised are considered to be incidental. The investments in these joint ventures are therefore designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on the assets. To the extent that the underlying assets of the joint ventures generate commercial returns, these assets are designated as cash generating assets on the consolidated annual financial statements, whereas in all other cases they are designated as non-cash generating assets. All assets owned / recognised by the Municipality are held for the provision of basic services and are considered to be non-cash generating assets.

Accounting Policies

1.13 Significant Judgements (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available.
Additional disclosure of these estimates of provisions are included in the notes to the Financial Statements.

Provisions are measured at the Head of Department's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:
- the Municipality has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Fine revenue

Fine revenue is recognised after taking into account the probability of future withdrawals and reductions. The probability of withdrawals and reductions is based on a 5 year past trend of gross charges issued which are likely to be disputed. The success rate of the disputed fines is taken into account in calculating the probability of withdrawals and reductions.

Assessing control over land

Control over land is determined by whether the Municipality has legal ownership, or the right to direct access to land, and to restrict or deny the access of others to the land. In assessing whether the Municipality has the right to direct access to the land, and to restrict or deny the access of others to the land, it considers whether it can:

• direct the use of the land's future economic benefits or service potential to provide services to beneficiaries; or

• exchange, dispose of, or transfer the land; and/or

• use the land in any other way to generate future economic benefits or service potential.

When control is obtained other than through legal ownership, the asset acquired is initially measured using the accounting policy for revenue from non-exchange transactions.

Interest in other entities and arrangements

The Municipality determines the nature of its interests in its municipal entities, transport authority and joint ventures using the various agreements with these entities. This includes arrangements where a separate vehicle has been formed in which the terms and conditions of the agreement between the parties demonstrates the type of arrangement entered into.

The Municipality has full control over its entities and transport authority. This is demonstrated by the 100% shareholding and voting rights.

The Municipality has joint control over its joint ventures. The joint control is demonstrated by the exposure to risks which is shared equally amongst the joint venturers. Where a separate vehicle has been formed, the shareholding and voting rights further assist in demonstrating joint control in addition to the exposure to risks.

Accounting Policies

1.14 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. .
At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. The cost of an item of investment property is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.
Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.

- Land held for a currently undetermined future use.

- A building owned (or held by under a finance lease) and leased out under one or more operating leases.

- Properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.

- A building that is vacant but is held to be leased out under one or more operating leases.

Accounting Policies

1.14 Investment property (continued)

- Property that is being constructed or developed for future use as investment property.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from investment properties are made when the particular asset no longer meets the definition of investment properties.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. All assets are considered to have a nil residual value.The lives of the assets are revised using the indicator based approach. Any changes in the depreciation method and useful lives are recognised as a change in accounting estimate in the Statement of Financial Performance. This change in estimate is applied prospectively. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Asset / Component	Useful life
Property – land	Indefinite
Property – buildings	10 - 80 years

Derecognition and Impairment

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant, and equipment), the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

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

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

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.15 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, to meet service delivery objectives, for rental to others, or for administrative purposes; and are expected to be used during more than one reporting period.

Initial Recognition

Property, plant and equipment are stated at cost. The cost of an item of property, plant and equipment is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

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

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from property, plant and equipment are made when the particular asset no longer meets the definition of property, plant and equipment.

Depreciation and Impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use. All assets are considered to have a nil residual value. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The estimated useful lives of the assets are revised using the indicator based approach. Any changes in the depreciation method and useful lives are recognised as a change in accounting estimate on the Statement of Financial Performance. This change in estimate is applied prospectively.

However, if the asset that is still in use has already reached the end of its estimated useful life, the change in useful life must be accounted for retrospectively as a correction of a prior period error in the determination of the new useful life if it is established that there was an error in estimating the useful lives in the prior years based on the relevant information that was available. This change would have an impact on accumulated surplus and the Statement of Financial Position.

If all the relevant facts and circumstances were considered in the previous years in determining the useful lives of the assets and principles in GRAP 17 were appropriately applied, the change in the useful life is accounted for as a change in estimate when the fully depreciated assets that are still in use are material. A portion of the accumulated depreciation is reversed to the Statement of Financial Performance. The carrying amount of the asset is then depreciated over its revised useful life.

1.15 Property, plant and equipment (continued)

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

Asset / Component	**Useful Life (Years)**
Infrastructure	
• Engineering infrastructure - Rivers and Coastal Engineering	20 - 80 years
• Roads and Motorways	20 - 80 years
• Traffic Equipment	10 - 80 years
• Stormwater Drainage	20 - 80 years
• Airport Infrastructure	15 - 80 years
• Solid Waste	3 - 30 years
• Water and Sanitation	20 - 80 years
• Major Substations: Buildings	30 - 50 years
• Transformers and Related Equipment	30 - 45 years
• Mains	30 - 55 years
• Street Lighting	20 - 30 years
• Conventional and Prepaid Metering	15 - 25 years
Community	
• Buildings	20 - 80 years
• Recreational Facilities	10 - 80 years
Other property, plant and equipment	
• Buildings	3 - 80 years
• Markets and Informal Markets stalls and structures	15 - 30 years
• Fire Engines	20 years
• Landfill Sites	3 - 80 years
• Car Parks	15 years
• Fencing	20 years
• Lifts	20 years
• Building Improvements	10 years
• Heavy and Mobile Plant	7 - 10 years
• Furniture and fitting	2 - 20 years
• Vehicles	3 - 15 years
• Bins and containers	5 years
• Plant and Machinery – General	3 - 20 years
• Security Systems	5 - 15 years
• Office equipment	3 - 7 years
• Air conditioning	5 - 15 years
• Public Address Systems	15 years
• Turnstiles	15 years
• Electrical	20 years
• Mechanical	20 years
• Hostels	20 - 80 years
• Library Books	5 - 10 years
• Other items of Plant and Equipment	2 - 5 years

Impairment testing is done when there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting period.

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

Accounting Policies

1.15 Property, plant and equipment (continued)
Derecognition:

Items of property, plant and equipment are derecognised when the asset is disposed of or when there is no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

Site rehabilitation and restoration costs:

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions"'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period.

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash generating assets and/or impairment of non-cash-generating assets.

Service concession assets:

The Municipality has made service concession arrangements with various operators in terms of carrying out certain mandated bus service functions. The Municipality retains full control over the nature, timing and extent of the services that the bus operators must perform and the fees for the services rendered are determined as per the operator's specific schedules and annexes that form part of the signed agreements.

The Municipality controls through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of engagement.

Income generated by the Municipality in terms of the right of use of these municipal assets is recognised in line with the accounting policy on revenue from exchange transactions.

1.16 Investments in controlled entities

Group and Municipality annual financial statements

Investments in controlled entity are consolidated in the group annual financial statements. Refer to the accounting policy on Consolidations (Note 1.30).

Accounting Policies

1.16 Investments in controlled entities (continued)

Municipality annual financial statements

Investments in municipal entities are initially recognised at cost.

Subsequently they are accounted for at cost less any accumulated impairment. The Municipality assesses at each reporting date whether there is any indication that an investment in municipal entities may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the investment in municipal entities. The impairment loss is measured as the difference between the investment's carrying amount and the estimated recoverable amount.

A reversal of an impairment loss of investments in municipal entities carried at cost is recognised immediately in the Statement of Financial Performance.

1.17 Interest in joint ventures

Group and Municipality annual financial statements

An interest in a joint venture is accounted for using the equity method, which is the same accounting treatment as with the Municipality's separate financial statements.

Municipality annual financial statements

An investment in a joint venture is measured using the equity method.

The equity method is a method of accounting whereby the investment is initially recognised at cost and subsequently adjusted for the Municipality's post acquisition share of profits or losses, resulting from operations of the joint venture, on the accrual basis. Dividends or similar distributions are recognised as a reduction from the carrying amount of the investment.

The Municipality assesses at each reporting date whether there is any indication that an investment in a joint venture may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the investment in a joint venture. The impairment loss is measured as the difference between the investment's carrying amount and the estimated recoverable amount.

A reversal of an impairment loss of investments in a joint venture carried at cost is recognised immediately in the Statement of Financial Performance.
The share of losses are limited to the carrying amount of the joint venture and as a result if the interest in the joint venture is considered to be fully impaired or if the accumulated losses are equal to the cost of the interest in the joint venture, there will be no further losses recognised from the joint venture.
The municipality discloses the unrecognised share of losses of a joint venture, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the joint venture when applying the equity method.

1.18 Heritage assets

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

Initial Recognition

A heritage asset that qualifies for recognition as an asset is measured at its cost and any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of an item of heritage assets is recognised as an asset only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

Where a heritage asset is acquired through a non-exchange transaction, its deemed cost is to be measured at its fair value as at the date of acquisition. If at initial recognition, the Municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the Financial Statements.

Accounting Policies

1.18 Heritage assets (continued)

Subsequent Measurement

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses i.e. cost model. Transfers from heritage assets are made when the particular asset no longer meets the definition of a heritage asset.

Impairment

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired. Where the carrying amount of an item of heritage assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there is no further economic benefit or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of Financial Performance.

1.19 Grants, Transfers and Donations

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

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

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

1.20 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the Municipality, or vice versa, or an entity that is subject to common control, or joint control.

1.21 Commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

An operating commitment is a binding agreement to undertake operating expenditure at some set time in the future which has not yet become an actual liability.

1.22 Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Annual 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);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Amounts recognised in the Financial Statements will be adjusted to reflect adjusting events after the reporting date once the event occurred. The nature of the event will be disclosed as well as an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Financial Statements.

Accounting Policies

1.23 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowing costs are applied.

1.24 National Housing programmes

The Municipality has a level two accreditation in terms of its participation on the National Housing Programme. It is a project developer in terms of the arrangement to construct and transfer houses to the beneficiaries of the Programme.

Grants received to implement the National Housing Programme are recognised as contract revenue.

Contract revenue comprises:

(a) the initial amount of revenue agreed in the contract; and

(b) variations in contract work, claims and incentive payments to the extent that:

(i) it is probable that they will result in revenue; and

(ii) they are capable of being reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised as revenue by reference to the stage of completion of the contract activity at the reporting date. The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

(a) total contract revenue, if any, can be measured reliably;

(b) it is probable that the economic benefits or service potential associated with the contract will flow to the entity;

(c) both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and

(d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Accounting Policies

1.24 National Housing programmes (continued)

Costs incurred to implement the National Housing Programme are expensed as contract costs.

Contract costs comprise:

(a) costs that relate directly to the specific contract;

(b) costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and

(c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

(a) general administration costs for which reimbursement is not specified in the contract;

(b) selling costs;

(c) research and development costs for which reimbursement is not specified in the contract; and

(d) depreciation of idle plant and equipment that is not used on a particular contract.

As with contract revenue, contract costs are recognised as expenses when the outcome of a construction contract can be estimated reliably, by reference to the stage of completion of the contract activity at the reporting date.

1.25 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.

Initial recognition

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Accounting Policies

1.25 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Loans to Municipal Entities

Loans to municipal entities are initially recognised at fair value plus any transaction costs.
Subsequently the loans are measured at amortised cost using the effective interest rate method.

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

Receivables

Debtors are initially recognised at fair value plus any transaction costs.

Debtors are subsequently measured at amortised cost using the effective interest rate method.

An allowance for impairment of debtors is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the debtors.

The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable amount based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Impairment losses are recognised in the Statement of Financial Performance.

Bad debts are written off during the year in which they are identified against the provision for impairment on the Statement of Financial Position. If no such provision for impairment was raised the bad debts are written off on the Statement of Financial Performance.

Payables

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

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

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

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value plus any transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

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

Other financial liabilities are initially recognised at fair value plus any transaction costs. Subsequently they are measured at amortised cost.

Accounting Policies

1.25 Financial instruments (continued)

Loans and receivables

Loans and receivables are initially measured at fair value plus any transaction costs.

Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms. The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable future cash flow based on past recovery trends. Impairment losses are recognised in the Statement of Financial Performance.

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

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Municipality will hold to maturity.

Fixed and negotiable deposits are initially measured at fair value plus any transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable future cash flow based on past recovery trends. Impairment losses are recognised in the Statement of Financial Performance.

1.26 Principal- agent arrangements

Management assesses whether the Municipality is party to any principal-agent arrangements. Should the Municipality be party to such an arrangement, management will assess whether it is a principal or an agent in the arrangement. The Municipality is an agent if the following criterion are met:

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

If this criteria is not met, then the Municipality is considered to be a principal in the arrangement.

A principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement using management’s best estimates.

An agent recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal.

An entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

Changes in the liability are added to, or deducted from, the cost of the related asset in the current financial year. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit and if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable.

If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment.

Accounting Policies

1.27 Taxation

1.27.1 Income tax

Current tax assets and liabilities:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities:

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred Income tax with respect to Municipal Entities is provided in full, using the liability method, on temporal differences arising between the tax basis of asset and liabilities and their carrying amounts in the financial Statements. Currently enacted tax rates are used to determine deferred income tax.

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

Tax expenses:

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or

- an entity combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

Revenue, expenses, and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and

- receivables and payables that are stated with the amount VAT included.

1.27.2 VAT

VAT is a value-added tax that is charged at the applicable rate on the supply of goods or services supplied by the vendor in the course or furtherance of an enterprise. The Municipality collects VAT on behalf of the South African Revenue Services (SARS) based on the taxable supplies it provides in meeting its service delivery objectives.

The Municipality is a VAT vendor registered on the payment basis although the accrual basis of accounting is applied by the Municipality in accordance with the principles of GRAP.

The amount payable to or receivable from SARS is calculated as the VAT charged by the Municipality on taxable supplies (output VAT), reduced by the VAT input the Municipality is charged by service providers on expenditure incurred in the furtherance of the Municipality's service delivery mandate.

VAT receivables and payables are measured in accordance with the accounting policy on statutory receivables and payables.

Accounting Policies

1.28 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the Statement of Financial Position.

They are depreciated over their expected useful lives (land is not depreciated) on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases - The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

Accounting Policies

1.29 Inventories

Initial Recognition

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

Subsequent Measurement

Inventories are subsequently measured at the lower of cost and net realisable value using the weighted average method as the basis to determine cost. Net realisable value is the estimated selling price in the ordinary course of operations. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method. Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.30 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the statements of the municipality and municipal entities controlled by the municipality, joint ventures and the transport authority.

On acquisition, the assets and liabilities of any entity are measured at their fair values at the date of acquisition. There are no minority interests as the municipality fully controls its entities, where joint ventures are measured using the equity method.

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

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

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

1.31 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The Municipality assesses these assets for impairment at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the Municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

An impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro-rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Accounting Policies

1.31 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro-rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, the cash-generating asset is impaired and is recognised immediately in the Statement of Financial Performance.

1.32 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the Municipality without an intention of generating a commercial return and held primarily for service delivery purposes. The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The Municipality will apply its judgement and disclose the criteria used in making such judgement in cases where it's not clear whether the primary objective is to generate a commercial return or not.

The Municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. If any such indication exists, the Municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment annually, irrespective of whether any indication of impairment exists.

1.33 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities.

1.34 Statutory receivables and payables

1.34.1 Statutory receivables

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. Statutory receivables relate to property rates, traffic fines and vat receivables. Statutory receivable are derecognised when the rights to the cash flows from the receivable are settled, expire or are waived.

Accounting Policies

1.34 Statutory receivables and payables (continued)

Property rate receivables:
Property rates are levied in accordance with the Municipal Property Rates Act, Rates policy and Municipal By-laws Act giving effect to the rates policy.
Property rate receivables are initially measured at the tariff applicable to the rateable amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised. Any subsequent adjustments to property rate receivables relating to revenue previously recognised are accounted for using the accounting policy on adjustments to revenue.
The municipality assesses at each reporting date whether there is any indication that the property rate receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. Past payment trends are used to calculate the recoverable amount since these debtors have a longer prescription period.
Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

Traffic fine receivables:
Traffic fines are charged in accordance with the Criminal Procedure Act, National Road Traffic Act, and the Municipal By-laws Act.
Traffic fine receivables are initially measured at the fine amount after considering other factors that may impact the inflow of future economic benefits or service potential to the municipality, such as the probability of future withdrawals and reductions in the imposed fines. This accounting treatment is consistent with the principles of IGRAP 1: Applying the Probability Test on Initial Recognition Revenue.
Traffic fine receivables are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised. Any subsequent adjustments to traffic fine receivables as a result of changes in the assumptions used to calculate traffic fine revenue and receivables are accounted for as changes in estimates.
The municipality assesses at each reporting date whether there is any indication that the traffic fine receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. Past payment trends are used to calculate the recoverable amount given the uncertainty around the payment patterns of traffic fines.
Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

VAT receivables:
Vat is levied in accordance with the VAT Act.
A vat receivable is recognised using the accrual basis of accounting to the extent that input vat exceeds output vat.
VAT receivables are initially measured at the rate applicable to the transaction amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised.
The municipality assesses at each reporting date whether there is any indication that the vat receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount is calculated as the estimated cash flows from the vat returns filed with SARS.
Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

Income tax receivables:
Income tax is levied in accordance with the Income Tax Act.
An income tax receivable is measured at the amount expected to be recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. Income tax receivables are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised.
The municipality assesses at each reporting date whether there is any indication that the income tax receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount is calculated as the estimated cash flows from the correspondence received from SARS.
Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of

Accounting Policies

1.34 Statutory receivables and payables (continued)
Financial Performance.

1.34.2 Statutory payables

Statutory payables are payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory payables relate to vat and income tax payables.

There is currently no GRAP standard for statutory payables. The municipality has therefore developed an accounting policy for income tax and vat payables using the principles on the accounting policy for statutory receivables.

The accounting policy for statutory payables is consistent with that applied for statutory receivables because these payables arise from the application of legislation, which is the Income Tax and VAT Act.

Income tax payable:

Current tax liabilities for the current and prior periods are initially measured at the amount expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. Current tax liabilities are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued or amounts derecognised.

Vat payable:

The municipality recognises a vat payable, to the extent that output vat exceeds input vat using the accrual basis of accounting.

VAT payables are initially measured at the rate applicable to the transaction amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued or amounts derecognised.

1.35 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The Municipality uses the prevailing prime rate at year end.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

Accounting Policies

1.36 Revenue

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised as follows:

1.36.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.
Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Bulk electricity meters are read monthly.

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

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

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

Interest and rentals are recognised on a time proportion basis.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

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

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

All other revenue is recognised as it accrues.

Durban Marine Theme Park recognises revenue from entrance parking fees and sales immediately upon receipt.

Accounting Policies

1.36 Revenue (continued)

1.36.2 Revenue from non-exchange transactions

This refers to transactions where revenue is received from another entity without giving approximately equal value in exchange.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised based on management's best estimate of the probable inflows.

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

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

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met.

Where public contributions have been received but the condition has not been met, a liability is recognised.

The Municipality recognises services in-kind that are significant to its 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 entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the Municipality's service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type of services in-kind received during the reporting period is disclosed. When the criteria for recognition are satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition.

All other revenue is recognised as it accrues.

1.36.3 Adjustments to revenue

Adjustments to revenue are either accounted for as a change in an accounting estimate, or a correction of an error. Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management.

When adjustments to revenue already recognised arise from new information that becomes known to the entity, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the entity, and the entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the entity, but the entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

1.37 Unauthorised expenditure

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

Accounting Policies

1.38 Fruitless and wasteful expenditure

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

1.39 Irregular expenditure

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

1.40 Living and non-living resources

Living resources are those resources that undergo biological transformation. The living resources mainly relate to horses, dogs, and birds. Horses and dogs are mainly used for policing, whereas birds are located at bird parks for recreational purposes.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Initial Recognition

Non-living resources, other than land, are not recognised as assets. Instead, qualitative information is disclosed on the financial statements relating to non-living resources. Land is classified either as property, plant and equipment or investment property based on the use of the land.

Living resources are initially measured at cost. The cost of a living resource is recognised as an asset only if:

(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and

(b) the cost or fair value of the asset can be measured reliably.

Where a living resource is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Accounting Policies

1.40 Living and non-living resources (continued)

Subsequent Measurement

Subsequent to initial recognition, living resources are measured at cost less accumulated depreciation and impairment losses. Transfers from living resources are made when the particular asset no longer meets the definition living resources, which would be in the case where the assets meets the definition of inventory when held for less than 12 months.

Depreciation and Impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use. All assets are considered to have a nil residual value. The estimated useful lives of the assets are revised using the indicator-based approach. Any changes in the depreciation method and useful lives are recognised as a change in accounting estimate on the Statement of Financial Performance. This change in estimate is applied prospectively.

However, if the asset has already reached the end of its estimated useful life, the change in useful life must be accounted for retrospectively as a correction of a prior period error in determination of the new useful life. This change would have an impact on accumulated surplus and the Statement of Financial Position.

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

Asset / Component	Useful life
Living resources	3 - 5 years

The Municipality tests for impairment where there is an indication that an asset may be impaired. Where the carrying amount of an item of living resources is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Items of living resources are derecognised when the asset is disposed of or when there is no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of living resources is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Accounting Policies

1.41 Segment reporting

A segment is an activity of an entity:

(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.

The resources of the municipality are allocated in line with the City's strategic objectives as outlined on the IDP's eight-point plan, which is as follows:

- Plan 1: Developing and Sustaining our Spatial, Natural and Built Environment
- Plan 2: Developing a Prosperous, Diverse Economy with Employment Creation
- Plan 3: Creating a Quality Living Environment
- Plan 4: Fostering a Socially Equitable Environment
- Plan 5: Creating a Platform for Growth, Empowerment and Skills Development
- Plan 6: Embracing our Cultural Diversity, Arts and Heritage, Stadia Facilities Unit
- Plan 7: Good Governance and Responsive Local Government
- Plan 8: Financially Accountable and Sustainable City

The eight-point plan is overseen by the City Manager and the Deputy City Managers, each allocated with resources for achieving the IDP's eight-point plan. The resources are allocated in line with the following clusters in which the City Manager and the Deputy City Managers are ultimately accountable for, with performance monitored on an ongoing basis for decision making, and in which separate financial information is available:

- Economic Development and Planning – Plans 1, 2 and 4
- Trading Services – Plan 3
- Human Settlements, and Infrastructure – Plans 1 and 3
- Office of Strategic Management – Plans 1 and 3
- Community and Emergency Services – Plans 3 and 6
- Human Resources – Plan 5
- Governance and International Relations – Plan 7
- City Manager Operations – Plan 7
- Office of the City Manager – Plan 7
- Finance – Plan 7 and Plan 8

For management purposes, the municipality is organised and operates in three key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance, finance and administration of the municipality are not allocated to these functional segments.

The three key functional segments emanating from the 10 clusters are as follows:

Accounting Policies

- Community and public safety which includes community and social services, sport and recreation, public safety, health, and housing services.

- Economic and environmental services which includes planning and development, road transport and environmental protection services.

- Trading services which includes energy sources, water management, wastewater management, waste management services, conferencing and theme park.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

The information provided for the reportable segments is that pertaining to the statement of financial performance (revenue and expenses) and statement of financial position (assets and liabilities).

The municipality applies the same measurement basis on the information disclosed for the reportable segment as that of the consolidated financial statements, except for departmental charges which are allocated between the departments based on consumption, expenditure incurred or any other relevant basis of allocation agreed-upon by the respective departments. On the consolidated financial statements, departmental charges are eliminated. There are no other allocations to the reportable segments.

Although the municipality operates in several geographical areas across different wards, these areas are irrelevant for users of the financial statements to make decisions about the entity as the goods or services provided are substantially the same.

1.42 Prepayments

Prepayments relate to the payment of goods or services in advance.

Prepayments are initially measured at the value of the goods or services paid in advance and subsequently measured using the cost method, which changes the initial measurement to reflect any amounts derecognised as a result of having received the goods or services.

To the extent that goods and services are not received and the amount that was paid in advance becomes payable by the supplier to the municipality, the municipality accounts for the amount receivable in line with the accounting policy for financial instruments.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

2. Inventories

Food and beverages	2,756	4,410	-	-
Consumable stores	586,249	661,212	585,537	660,285
Water for distribution	24,072	24,018	24,072	24,018
Merchandise	1,269	2,409	-	-
	614,346	**692,049**	**609,609**	**684,303**

The cost of inventories recognised as an expense during the period in respect of water sales was R3 555million (2020: R3 332million).

3. Receivables from exchange transactions

Prepayments	19,537	60,543	16,845	55,805
Other Debtors (mainly in respect of sundry services and interest on outstanding debt)	2,450,208	2,314,856	2,434,290	2,312,652
Provision for Bad debts - Other (mainly in respect of Sundry services and interest on outstanding debt)	(1,869,100)	(1,858,341)	(1,863,150)	(1,856,382)
Debtor - DOHS	4,394,042	4,262,376	4,394,042	4,262,376
Provision for Bad Debts - DOHS	(2,454,280)	(2,603,104)	(2,454,280)	(2,603,104)
Accruals	147,286	134,389	147,286	134,389
	2,687,693	**2,310,719**	**2,675,033**	**2,305,736**

4. Receivables from non-exchange transactions

Traffic fines	288,135	278,197	288,135	278,197
Provision for bad debts - traffic fines	(245,815)	(227,582)	(245,815)	(227,582)
Government Grant accrued	112,983	-	112,983	-
Current tax receivable	2,082	1,003	-	-
	157,385	**51,618**	**155,303**	**50,615**

Reconciliation of traffic fine debtors:

Reconciliation of traffic fine debtors: 2021	Opening balance	Write-off	Restated opening balance	Net increase / (decrease)	Change in estimate	Closing balance
Fines	278,197	(137,745)	140,452	180,069	(32,386)	288,135
Provision for bad debts	(227,582)	137,745	(89,837)	(153,622)	(2,356)	(245,815)
	50,615	**-**	**50,615**	**26,447**	**(34,742)**	**42,320**

Reconciliation of traffic fine debtors: 2020	Opening balance	Write-off	Restated opening balance	Net increase / (decrease)	Change in estimate	Closing balance
Fines	258,476	(109,359)	149,117	157,238	(28,158)	278,197
Provision for bad debts	(201,368)	109,359	(92,009)	(128,630)	(6,943)	(227,582)
	57,108	**-**	**57,108**	**28,608**	**(35,101)**	**50,615**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

4. Receivables from non-exchange transactions (continued)

The movement disclosed on fines in the reconciliation above is the net revenue after taking into account payments received, as detailed below:

Net increase / (decrease) in outstanding fine revenue				
Fine revenue accrued for the year	186,783	169,565	186,783	169,565
Fine revenue received for the year	(6,714)	(12,327)	(6,714)	(12,327)
	180,069	**157,238**	**180,069**	**157,238**

The following assumptions were used to calculate the outstanding fine debtors:

(1) Average % of fines disputed: 65.12% (June 2020: 64.69%);
(2) Average success rate of disputed fines: 97.99% (June 2020: 96.92%);
(3) Average collection rate: 14.69% (June 2020: 18.19%).

The assumptions are revised on an annual basis based on a 5 year trend analysis. The amount written-off, where applicable, is recognised on an annual basis once approved. The change in estimate on fine debtors was mainly attributable to an increase in the withdrawal and reduction rate (success rate) of the disputed fines following the directive issued by the National Prosecuting Authority to write off traffic fines in respect of summons not served within eighteen months from the date of the offence and withdrawal of warrants not executed within two years from date of issue, which also resulted in an increase in the number of disputed fines. The collection rate has deteriorated due to the tough economic conditions coupled with the National Lockdown which resulted in job losses and salary cuts, hence the default on payments from offenders.

5. VAT

VAT receivable from SARS	101,512	90,736	103,912	91,979
VAT on invoices raised but not yet paid	(199,651)	126,260	(199,651)	126,260
	(98,139)	**216,996**	**(95,739)**	**218,239**

VAT is claimed on the payment basis. Only once an invoice is paid is VAT claimed and receivable from SARS.

The value disclosed is the net VAT on payables & receivables.

6. Consumer debtors

Gross balances				
Rates	4,350,886	4,133,743	4,377,811	4,156,692
Electricity	3,807,432	2,990,746	3,843,706	3,004,790
Water	5,582,167	4,057,284	5,587,167	4,057,284
Refuse	478,969	386,061	479,510	386,061
Housing rental	99,479	97,283	99,479	97,283
Waste water	867,517	673,145	868,884	673,145
ICC debtors	883	1,398	-	-
	15,187,333	**12,339,660**	**15,256,557**	**12,375,255**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

6. Consumer debtors (continued)

Less: Allowance for impairment				
Rates	(1,001,830)	(1,282,775)	(1,001,830)	(1,282,775)
Electricity	(1,587,343)	(969,551)	(1,587,343)	(969,551)
Water	(4,368,670)	(3,040,193)	(4,368,670)	(3,040,193)
Refuse	(370,439)	(280,036)	(370,439)	(280,036)
Housing rental	(91,849)	(90,162)	(91,849)	(90,162)
Waste water	(625,708)	(433,676)	(625,708)	(433,676)
ICC debtors	(845)	(343)	-	-
	(8,046,684)	**(6,096,736)**	**(8,045,839)**	**(6,096,393)**
Net balance				
Rates	3,349,056	2,850,968	3,375,981	2,873,917
Electricity	2,220,089	2,021,195	2,256,363	2,035,239
Water	1,213,497	1,017,091	1,218,497	1,017,091
Refuse	108,530	106,025	109,071	106,025
Housing rental	7,630	7,121	7,630	7,121
Waste water	241,809	239,469	243,176	239,469
ICC debtors	38	1,055	-	-
	7,140,649	**6,242,924**	**7,210,718**	**6,278,862**
Included in above is receivables from exchange transactions				
Electricity	2,220,089	2,021,195	2,256,363	2,035,239
Water	1,213,497	1,017,091	1,218,497	1,017,091
Waste water	241,809	239,469	243,176	239,469
Refuse	108,530	106,025	109,071	106,025
Housing rental	7,630	7,121	7,630	7,121
ICC debtors	38	1,055	-	-
	3,791,593	**3,391,956**	**3,834,737**	**3,404,945**
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	3,349,056	2,850,968	3,375,981	2,873,917
Net balance	**7,140,649**	**6,242,924**	**7,210,718**	**6,278,862**
Rates				
Current (0 -30 days)	557,331	675,729	584,256	698,678
31 - 60 days	200,979	234,360	200,979	234,360
61 - 90 days	98,836	138,021	98,836	138,021
91 - 120 days	90,525	109,427	90,525	109,427
121 - 365 days	3,296,668	2,955,787	3,296,668	2,955,787
> 365 days	106,547	20,419	106,547	20,419
	4,350,886	**4,133,743**	**4,377,811**	**4,156,692**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

6. Consumer debtors (continued)

Electricity, Water, Refuse and Waste Water				
Current (0 -30 days)	2,690,870	2,513,236	2,734,052	2,527,280
31 - 60 days	664,394	429,368	664,394	429,368
61 - 90 days	327,512	344,188	327,512	344,188
91 - 120 days	324,740	275,030	324,740	275,030
121 - 365 days	6,153,360	4,301,572	6,153,360	4,301,572
> 365 days	575,209	243,842	575,209	243,842
	10,736,085	**8,107,236**	**10,779,267**	**8,121,280**
Housing rental				
Current (0 -30 days)	5,266	4,935	5,266	4,935
31 - 60 days	2,364	2,186	2,364	2,186
61 - 90 days	2,182	2,448	2,182	2,448
91 - 120 days	2,134	2,367	2,134	2,367
121 - 365 days	86,865	84,013	86,865	84,013
> 365 days	668	1,334	668	1,334
	99,479	**97,283**	**99,479**	**97,283**
ICC debtors				
Current (0 -30 days)	20	291	-	-
31 - 60 days	61	107	-	-
61 - 90 days	71	203	-	-
> 90 days	731	797	-	-
	883	**1,398**	**-**	**-**
Reconciliation of allowance for impairment				
Balance at beginning of the year	6,096,736	5,411,782	6,096,393	5,411,782
Contributions to allowance	1,973,165	2,059,381	1,972,663	2,059,038
Debt impairment written off against allowance	(23,217)	(1,374,427)	(23,217)	(1,374,427)
	8,046,684	**6,096,736**	**8,045,839**	**6,096,393**

7. Long-term receivables

Loan: Durban Point Development Company Proprietary Limited	115,568	107,494	115,568	107,494
Housing selling scheme loans	138,156	139,110	138,156	139,110
First Metro housing loans	15,070	14,405	15,070	14,405
Study assistance schemes	27,043	21,989	27,043	21,989
Debt impairment: Durban Point Development Company Proprietary Limited	(115,568)	(107,494)	(115,568)	(107,494)
Debt impairment: Housing selling scheme loans	(53,726)	(49,569)	(53,726)	(49,569)
Debt impairment: First Metro housing loans	(1,376)	(711)	(1,376)	(711)
	125,167	**125,224**	**125,167**	**125,224**
Less: Current portion transferred to current receivables				
Housing selling scheme loans	55,180	51,340	55,180	51,340
First Metro housing loans	9,704	7,179	9,704	7,179
Study assistance schemes	1,627	1,774	1,627	1,774
Debt impairment: First Metro housing loans	(1,376)	(711)	(1,376)	(711)
	65,135	**59,582**	**65,135**	**59,582**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

7. Long-term receivables (continued)

Non-current portion	60,032	65,642	60,032	65,642
Current portion	65,135	59,582	65,135	59,582

Study assistance schemes

These relate to students who are studying full-time at universities in the engineering disciplines. The cost covers tuition fees, books and subsistence. On successful completion of the course the students are, in terms of contractual obligations, employed by the Municipality. A pro-rata share of these costs are then written back as operating costs in annual instalments equal to the number of years studied. These schemes are interest free.

Durban Point Development Company Proprietary Limited

The rates receivable arose in terms of a rates deferral arrangement, as provided for in clause ten of Durban Point Development Company Proprietary Limited's Shareholders Agreement. The current rates deferral as approved by Council is effective from 1 July 2019 to 30 June 2024 and is on conditions that when transfer of any land parcel takes place to any other party, rates will become payable by the new owner and the deferred portion on the respective property will become due and payable immediately.

Housing selling scheme loans

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

First Metro housing loans

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

8. Call investment deposits

30 Day deposits	174,145	565,224	150,000	530,000

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

9. Cash and bank balances

Cash and cash equivalents consist of:

Cash on hand	17,502	14,604	17,284	14,358
Bank balances	650,201	763,966	631,987	718,935
Bank overdraft	(22,727)	(521,847)	(22,727)	(521,847)
	644,976	**256,723**	**626,544**	**211,446**
Call Investment Deposits	174,145	565,224	150,000	530,000
Investments	4,634,562	3,873,157	4,550,000	3,750,000
	5,453,683	**4,695,104**	**5,326,544**	**4,491,446**

Investments are non-derivative financial assets and are subsequently measured at amortised cost and are held to maturity. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and re-evaluates such declaration on an annual basis. Investments held for less than twelve months are classified as current assets. Investments with maturities greater than twelve months are classified as non-current assets.

10. Investment property

Group and Munici	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	159,834	(74,303)	85,531	159,834	(71,859)	87,975
Non-revenue Generating	257,615	(64,850)	192,765	259,295	(64,748)	194,547
Total	**417,449**	**(139,153)**	**278,296**	**419,129**	**(136,607)**	**282,522**

Municipality	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue generating	70,448	(37,847)	32,601	70,448	(37,297)	33,151
Non-revenue generating	257,615	(64,850)	192,765	259,295	(64,748)	194,547
Total	**328,063**	**(102,697)**	**225,366**	**329,743**	**(102,045)**	**227,698**

Reconciliation of investment property - Group and Municipality - 2021

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue Generating	87,975	-	-	(2,444)	85,531
Non-revenue Generating	194,547	(1,650)	(132)	-	192,765
	282,522	**(1,650)**	**(132)**	**(2,444)**	**278,296**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

10. Investment property (continued)

Reconciliation of investment property - Group and Municipality - 2020

	Opening balance	Disposals	Work-in-progress	Impairments	Depreciation	Total
Revenue Generating	90,639	-	137	-	(2,801)	87,975
Non-revenue Generating	198,478	(3,346)	-	(585)	-	194,547
	289,117	**(3,346)**	**137**	**(585)**	**(2,801)**	**282,522**

Reconciliation of investment property - Municipality - 2021

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue generating	33,151	-	-	(550)	32,601
Non-revenue generating	194,547	(1,650)	(132)	-	192,765
	227,698	**(1,650)**	**(132)**	**(550)**	**225,366**

Reconciliation of investment property - Municipality - 2020

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue generating	33,942	-	-	(791)	33,151
Non-revenue generating	198,478	(3,346)	(585)	-	194,547
	232,420	**(3,346)**	**(585)**	**(791)**	**227,698**

Other information

The Municipality lets properties under operating leases. Property rental income earned during the year was R116.94million (2020: R126.49million) - (refer note 26). The operating costs related to the rental of these properties amounted to R17.0million (2020: R11.62million). There is no item of investment property with restrictions on title or held as security for liabilities.

The municipality's repairs and maintenance cost for investment properties (all revenue generating) was R0.464million in the current financial year (2020: R0.226million). This cost consists of only payments made to contractors for repairing and maintaining assets. No staff member is engaged in any labour towards the repair and maintenance of investment property as contractors are outsourced. Included in the operating cost of Durban Marine Theme Park is an amount of R1.16million relating to repairs and maintenance.

The impairment losses are attributable to changes in the market values of investment properties. The recoverable amount used in the impairment calculation approximates that of fair value less costs to sell. There are no material impairment losses attributable to a significant asset requiring separate disclosure on the financial statements.The valuation was based on open market value for existing use.

The Investment property for Durban Marine Theme Park comprises the Village Walk retail shopping mall from which rental income is derived. Rental income earned during the year was R24.50million (2020: R27.21million). The operating costs related to the rental of these properties amounted to R11.71million (2020: R9.53million). There is no item of investment property with restrictions on title or held as security for liabilities.

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Property, plant and equipment

Group and Munici	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	5,467,401	(1,830,770)	3,636,631	5,334,744	(1,689,156)	3,645,588
Plant and machinery	2,322,821	(1,840,008)	482,813	2,285,910	(1,731,784)	554,126
Furniture and fixtures	539,041	(432,558)	106,483	518,105	(380,699)	137,406
Motor vehicles	4,572,335	(3,281,122)	1,291,213	4,190,919	(2,990,326)	1,200,593
IT equipment	1,351,367	(1,034,457)	316,910	1,232,501	(957,266)	275,235
Infrastructure	55,611,204	(15,665,244)	39,945,960	52,712,667	(14,158,499)	38,554,168
Community	11,428,091	(4,026,525)	7,401,566	11,112,907	(3,523,099)	7,589,808
Living resources	648	(615)	33	626	(591)	35
Housing Development Fund assets*	133,090	(67,903)	65,187	132,643	(67,924)	64,719
Total	**81,425,998**	**(28,179,202)**	**53,246,796**	**77,521,022**	**(25,499,344)**	**52,021,678**

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Property, plant and equipment (continued)

Municipality	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	4,891,096	(1,522,112)	3,368,984	4,760,947	(1,396,727)	3,364,220
Plant and machinery	2,166,666	(1,718,736)	447,930	2,116,312	(1,597,037)	519,275
Furniture and fixtures	468,945	(384,716)	84,229	445,750	(333,961)	111,789
Motor vehicles	4,571,094	(3,280,066)	1,291,028	4,189,678	(2,989,262)	1,200,416
IT equipment	1,341,338	(1,026,462)	314,876	1,221,637	(948,940)	272,697
Infrastructure	55,611,204	(15,665,244)	39,945,960	52,712,749	(14,158,581)	38,554,168
Community	11,428,091	(4,026,525)	7,401,566	11,112,907	(3,523,099)	7,589,808
Living resources	648	(615)	33	626	(591)	35
Housing Development Fund assets*	133,090	(67,903)	65,187	132,643	(67,924)	64,719
Total	**80,612,172**	**(27,692,379)**	**52,919,793**	**76,693,249**	**(25,016,122)**	**51,677,127**

Reconciliation of property, plant and equipment - Group and Municipality - 2021

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Total
Land and buildings	3,645,588	295,787	(365)	(471)	(155,470)	(148,438)	-	3,636,631
Plant and machinery	554,126	72,575	(64)	(6,006)	(5,180)	(132,638)	-	482,813
Furniture and fixtures	137,406	27,600	(86)	(452)	171	(58,153)	(3)	106,483
Motor vehicles	1,200,593	375,303	-	-	-	(284,683)	-	1,291,213
IT equipment	275,235	134,783	(874)	(6,349)	1,221	(87,106)	-	316,910
Infrastructure	38,554,168	1,665,857	(1)	6,140	1,225,126	(1,503,925)	(1,405)	39,945,960
Community	7,589,808	224,552	-	221	87,466	(345,733)	(154,748)	7,401,566
Living resources	35	21	-	-	-	(23)	-	33
Housing Development Fund assets	64,719	121	-	266	1,139	(1,058)	-	65,187
	52,021,678	**2,796,599**	**(1,390)**	**(6,651)**	**1,154,473**	**(2,561,757)**	**(156,156)**	**53,246,796**

Reconciliation of property, plant and equipment - Group and Municipality - 2020

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Total
Land and buildings	3,496,895	271,221	(1,970)	-	53,900	(171,945)	(2,513)	3,645,588
Plant and machinery	614,414	103,976	(4)	(78)	(3,233)	(155,928)	(5,021)	554,126
Furniture and fixtures	154,675	38,522	(1,429)	179	86	(54,627)	-	137,406
Motor vehicles	958,711	485,087	(1,207)	-	-	(240,607)	(1,391)	1,200,593
IT equipment	253,272	99,716	(258)	766	4,723	(82,984)	-	275,235
Infrastructure	37,216,580	2,771,600	(14,864)	-	39,081	(1,449,346)	(8,883)	38,554,168
Community	7,424,835	447,199	-	(2)	111,488	(393,518)	(194)	7,589,808
Living resources	72	-	(32)	-	-	(5)	-	35
Housing Development Fund assets	65,951	157	(58)	12	-	(1,343)	-	64,719
	50,185,405	**4,217,478**	**(19,822)**	**877**	**206,045**	**(2,550,303)**	**(18,002)**	**52,021,678**

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2021

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Total
Land and buildings	3,364,220	289,557	-	(471)	(155,740)	(128,582)	-	3,368,984
Plant and machinery	519,275	68,335	(59)	(6,006)	(5,180)	(128,435)	-	447,930
Furniture and fixtures	111,789	24,304	(73)	(452)	171	(51,507)	(3)	84,229
Motor vehicles	1,200,416	375,303	-	-	-	(284,691)	-	1,291,028
IT equipment	272,697	134,673	(873)	(6,356)	1,221	(86,486)	-	314,876
Infrastructure	38,554,168	1,665,857	(1)	6,140	1,225,126	(1,503,925)	(1,405)	39,945,960
Community	7,589,808	224,552	-	221	87,466	(345,733)	(154,748)	7,401,566
Living resources	35	21	-	-	-	(23)	-	33
Housing Development Fund assets	64,719	121	-	266	1,139	(1,058)	-	65,187
	51,677,127	**2,782,723**	**(1,006)**	**(6,658)**	**1,154,203**	**(2,530,440)**	**(156,156)**	**52,919,793**

Reconciliation of property, plant and equipment - Municipality - 2020

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Total
Land and buildings	3,194,495	267,945	(1,909)	5	53,895	(149,684)	(527)	3,364,220
Plant and machinery	573,877	95,990	(3)	(82)	(3,282)	(142,204)	(5,021)	519,275
Furniture and fixtures	128,586	32,605	(1,398)	179	86	(48,269)	-	111,789
Motor vehicles	958,220	485,087	(1,080)	-	-	(240,420)	(1,391)	1,200,416
IT equipment	249,985	99,366	(258)	766	4,723	(81,885)	-	272,697
Infrastructure	37,216,580	2,771,600	(14,864)	-	39,081	(1,449,346)	(8,883)	38,554,168
Community	7,424,835	447,199	-	(2)	111,488	(393,518)	(194)	7,589,808
Living resources	40	-	-	-	-	(5)	-	35
Housing Development Fund assets	65,951	157	(58)	12	-	(1,343)	-	64,719
	49,812,569	**4,199,949**	**(19,570)**	**878**	**205,991**	**(2,506,674)**	**(16,016)**	**51,677,127**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

11. Property, plant and equipment (continued)

Other information

Included in the impairment loss of R156.2million is R154.7million relating to the impairment of the Durban Exhibition Centre and International Conventional Centre property due to the assets not operating as intended owing to the Covid-19 pandemic which imposed restrictions on economic activity, thereby resulting in the assets not generating the desired economic benefits and a decrease in the market values of these assets. The recoverable amount was calculated using a market valuation performed by technical experts in determining the fair value less costs to sell.

The repairs and maintenance cost for property, plant and equipment was R1.75billion (2020: R2.33billion) in the current financial year. This cost consists of payments made to contractors and excludes material issues and consumables for repairing and maintaining assets internally since these items are expensed based on their nature. Internal labour costs are also excluded due to these costs eliminated on consolidation.

The Housing Development Fund assets include office buildings, computers and office furniture and equipment utilised by the Housing department.

There is no item of property, plant and equipment with restrictions on title or held as security for liabilities.

Included in additions is also an amount of R853thousand relating to donated assets. Proceeds from the disposal of assets amounted to R1.685million, being the carrying value of the disposed assets of R2.656million and the loss on the disposals of assets amounting to R0.971million.

Included in the carrying value of motor vehicles are buses leased to the bus operator on a month to month basis. The buses have not been reclassified as service concession assets since the parties have not concluded new agreements that will establish the terms of reference with regards to the leased buses and their expected use. The terms of reference will indicate whether the requirements of service concessions assets are met or not.

Work-in-progress taking significantly longer to complete or halted has been disclosed on Note 63.

The repairs and maintenance cost for property, plant and equipment relating to Durban Marine Theme Park was R5.71million for the year (2020: R6.16million). Durban ICC incurred repairs and maintenance for property, plant and equipment of R4.75million (2020: R4.14million). There is no item of property, plant and equipment with restrictions on title or held as security for liabilities. Proceeds from the sale of assets relating to the entities are considered to be immaterial.

Notes to the Annual Financial Statements

Figures in Rand thousand

12. Intangible assets

Group and Munici	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	60,407	-	60,407	60,407	-	60,407
Computer software	1,869,150	(1,421,577)	447,573	1,843,876	(1,286,492)	557,384
Total	**1,929,557**	**(1,421,577)**	**507,980**	**1,904,283**	**(1,286,492)**	**617,791**

Municipality	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	60,407	-	60,407	60,407	-	60,407
Computer software	1,862,237	(1,415,588)	446,649	1,836,992	(1,280,596)	556,396
Total	**1,922,644**	**(1,415,588)**	**507,056**	**1,897,399**	**(1,280,596)**	**616,803**

Reconciliation of intangible assets - Group and Municipality - 2021

	Opening balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	60,407	-	-	-	-	60,407
Computer software, other	557,384	20,007	6,651	(2,942)	(133,527)	447,573
	617,791	**20,007**	**6,651**	**(2,942)**	**(133,527)**	**507,980**

Notes to the Annual Financial Statements

Figures in Rand thousand

12. Intangible assets (continued)

Reconciliation of intangible assets - Group and Municipality - 2020

	Opening balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	60,765	-	-	(358)	-	60,407
Computer software	670,020	76,985	(877)	47,006	(235,750)	557,384
	730,785	**76,985**	**(877)**	**46,648**	**(235,750)**	**617,791**

Reconciliation of intangible assets - Municipality - 2021

	Opening balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	60,407	-	-	-	-	60,407
Computer software	556,396	19,879	6,659	(2,943)	(133,342)	446,649
	616,803	**19,879**	**6,659**	**(2,943)**	**(133,342)**	**507,056**

Reconciliation of intangible assets - Municipality - 2020

	Opening balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	60,765	-	-	(358)	-	60,407
Computer software	668,823	76,578	(877)	47,006	(235,134)	556,396
	729,588	**76,578**	**(877)**	**46,648**	**(235,134)**	**616,803**

Other information

There is no item of intangible assets with restrictions on title or held as security for liabilities.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

13. Heritage assets

Group and Munici	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	27,892	-	27,892	24,321	-	24,321

Municipality	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art collections, antiques and exhibits	27,892	-	27,892	24,321	-	24,321

Reconciliation of heritage assets Group and Municipality - 2021

	Opening balance	Additions	Total
Art Collections, antiquities and exhibits	24,321	3,571	27,892

Reconciliation of heritage assets Group and Municipality - 2020

	Opening balance	Additions	Total
Art Collections, antiquities and exhibits	24,291	30	24,321

Reconciliation of heritage assets - 2021

	Opening balance	Additions	Closing balance
Art collections, antiques and exhibits	24,321	3,571	27,892

Reconciliation of heritage assets - 2020

	Opening balance	Additions	Closing balance
Art collections, antiques and exhibits	24,291	30	24,321

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

13. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

The following items of heritage assets cannot be reliably valued due to the nature of the items. These are categories of heritage assets which reflect the number of assets for each category. These are revised only on an annual basis.

Ornithology	38,598
Mammalogy	15,439
Entomology	142,024
Arachnology	619
Echinodermata	36
Palaeontology	33,303
Amphibians	1,193
Reptiles	1,571
Library collection	11,315
Conchology	5,202
Audio visual collection	550
Numismatic	6,656
Textile and costume	500
Glass and ceramics	414
Other historical	138
Don Africana books and periodicals	14,729
Exhibitions	2,077
Ichthyology	351
Artworks	4,183
Biographical	3,953
Toys	4,082
Philatery	1,872
War memorials	75
Firearms	161
Paintings	1,262
Photographic	240,439
Furniture	362
Documents / cartoons / plans	609,359
Pinetown library collection	527

The Municipality has undertaken valuations to determine fair values of its heritage assets. The Municipality did apply a valuation methodology and completed the exercise on certain classes of heritage assets after extensive research, reviewing benchmarks, both nationally and internationally, including consulting research papers that have been compiled on this subject matter. Where there is no active market for the items of heritage assets, the Municipality is currently testing various valuation methodologies in order to determine the fair value of these heritage assets. GRAP 103 does allow the entity to determine fair value by using a replacement cost approach in cases where there is no active market and the Municipality has followed this approach, where applicable. No heritage assets were pledged as security for liabilities during the financial year end.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

14. Investments in controlled entities

Name of company	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Durban Marine Theme Park (State Owned Company) Limited	100.00 %	100.00 %	962,996	962,996
ICC Durban (State Owned Company) Limited	100.00 %	100.00 %	226,591	226,591
			1,189,587	1,189,587
Impairment of investment in controlled entities			(493,779)	(417,932)
			695,808	**771,655**

Impairment of Investments in Municipal Entities are reviewed on an annual basis. The balances above are reflective of estimations as at 30 June 2021. There was an impairment loss recognised in the current year of R75.85million (2020: impairment reversal of R2.32million) relating to the investment in Durban Marine Theme Park. This is due to the decrease in the current replacement cost of the entity's land and building compared to the previous financial year, coupled with an increase in the losses incurred by the entity during the year when compared to the previous year. The recoverable amount was calculated as the net asset value of the entity, adjusted for the valuation adjustments on property, plant and equipment and investment properties, which represents the fair value of the entity.

At its meeting on 29 June 2021, and taking cognizance of the International Convention Centre and Durban Marine Theme Park operating on or close to a break-even level, Council confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

Durban Marine Theme Park (State Owned Company) Limited

Issued Share Capital (R'000)	10	10
Percentage owned by Council (%)	100	100
Electricity Income (R'000)	23,837	24,159
Water and Sanitation Income (R'000)	7,827	9,885
Rates Income (R'000)	3,977	3,200
Refuse Removal (R'000)	943	1,031
Insurance (R'000)	492	692

ICC Durban (Proprietory) Limited

Issued Share Capital (R'000)	226,591	226,591
Percentage owned by Council (%)	100	100
Electricity Income (R'000)	8,037	13,747
Water and Sanitation Income (R'000)	1,216	2,181
Rates Income (R'000)	4,160	3,964
Refuse Removal (R'000)	557	892
Insurance (R'000)	25	8

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

15. Interest in joint ventures

Name of company	% share	Carrying amount 2021	Carrying amount 2020
Effingham Development	66.74%	35,815	39,923
Durban Point Development Company (Pty) Ltd	50.00%	31,526	35,618
		67,341	**75,541**

This represents a 66.74% investment in Effingham Development and a 50% investment in Durban Point Development Company (Joint Ventures). Although the profit sharing ratio is 66.74% in favour of the Municipality for Effingham Development , losses are shared equally in terms of the joint venture agreement.

The Effingham Development Joint Venture is a joint venture entered into with Moreland Developments (Pty) Ltd. The joint venture was formed with the objective of developing and marketing the serviced sites of the Effingham/Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land. Durban Point Development Company (DPDC) is a joint venture entered into with Rocpoint Company, a Malaysian company. This company has been formed with the objective of driving the development of the Point Precinct area.

Summary of the Municipality's interest in the Joint Venture - Effingham Development

Assets		
Non-current assets - township property	42,335	68,609
Current assets - debtors	23	4,379
Current assets - bank balances and cash on hand	48,368	20,486
Total assets	**90,726**	**93,474**
Equity and liabilities		
Equity - members loan accounts	35,815	39,923
Current liabilities - creditors	54,911	53,551
Total equity and liabilities	**90,726**	**93,474**

Reconciliation of investment in Joint Venture		
Balance at beginning of year	39,923	44,085
Share of surplus (loss)	16,475	(4,162)
Share of loan repayment	(20,583)	-
Balance at end of reporting period	**35,815**	**39,923**

Summary of the Municipality's interest in the Joint Venture - Durban Point Development Company

Assets		
Non-current assets - property	3,706	3,378
Current assets - debtors	378	409
Current assets - inventory	93,387	93,397
Current assets - bank balances and cash on hand	2,985	5,309
Total assets	**100,456**	**102,493**

Equity and liabilities		
Equity - loans from shareholders and accumulated losses	31,526	35,618
Non-current liability - rates liability	57,785	53,747
Current liabilities - creditors	11,145	13,128
Total equity and liabilities	**100,456**	**102,493**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

15. Interest in joint ventures (continued)

Reconciliation of investment in Joint Venture				
Balance at beginning of year			35,618	40,934
Share of loss			(4,092)	(5,316)
Balance at end of reporting period			**31,526**	**35,618**

The share of profits from joint ventures in the current reporting period is R12.38million (2020: loss of R9.48million), of which a profit of R16.47million relates to Effingham and the loss of R4.09million to DPDC.

16. External Borrowings

At amortised cost				
Annuity loans	9,058,700	8,367,175	9,058,700	8,367,175

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

Refer to Note 63 for more detail on long-term liabilities.

DBSA Phase 5 loan of R300million is seperately secured by a cession of an acceptable revenue stream of R15 million p.a. as security.

A portion of the R758.2million balance outstanding from the RMB R1billion 20 year loan was ceded to Sanlam Life Insurance Limited for an amount of R672million in April 2019.
All other loans are unsecured.

The Municipality has budgeted to borrow R1billion in the 2021/22 financial year and R1billion per annum for the next two financial years thereafter.

Non-current liabilities				
At amortised cost	8,207,995	7,515,742	8,207,995	7,515,742
Current liabilities				
At amortised cost	850,705	851,433	850,705	851,433

17. Payables from exchange transactions

Trade payables	1,082,962	985,777	1,114,971	982,972
Payments received in advance	54,510	39,355	54,510	39,355
Income received in advance - D.O.H.S	1,093,593	911,640	1,093,593	911,640
Accruals	3,324,412	3,599,689	3,324,412	3,599,689
Other payables	1,456,957	1,042,783	1,442,669	1,068,928
Retentions	459,751	510,456	459,751	510,456
Bank deposits not receipted	498,976	526,793	498,976	526,793
Deferred Expenditure (Straight-lining of Leases)	24,219	24,152	24,219	24,152
	7,995,380	**7,640,645**	**8,013,101**	**7,663,985**

18. Transfers payable from non-exchange transactions

Transfers payable - grants in aid	47,271	43,599	70,346	47,785

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

19. Consumer deposits

I.C.C.: Clients deposits	9,814	14,509	-	-
Consolidated Deposits	2,546,314	2,487,711	2,547,961	2,489,358
Ushaka: Rental deposits	2,874	2,844	-	-
	2,559,002	**2,505,064**	**2,547,961**	**2,489,358**

20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Post-employment medical benefits	(4,373,899)	(3,805,019)	(4,373,899)	(3,805,019)
Post-employment pension benefits	8,320	10,363	8,320	10,363
	(4,365,579)	**(3,794,656)**	**(4,365,579)**	**(3,794,656)**
Non-current liabilities	(3,445,968)	(2,977,472)	(3,445,968)	(2,977,472)
Current liabilities	(919,611)	(817,184)	(919,611)	(817,184)
	(4,365,579)	**(3,794,656)**	**(4,365,579)**	**(3,794,656)**

Actuarial valuations:

The actuarial valuations were done as at 30 June 2021 by Independent Actuaries & Consultants (the same company that were engaged to do the 30 June 2020 valuations). The firm is an independent post retirement plan administrator and they determined that the retirement plan was in a sound financial position. .

Net Actuarial Gain / (Loss): Post-employment Medical Benefits

Changes to membership profile different to assumed	(37,295)	(39,234)	(37,295)	(39,234)
Change in health care cost inflation assumption	237,863	(39,061)	237,863	(39,061)
Change in maximum subsidy inflation	-	955	-	955
Change in discount rates	(249,780)	605,969	(249,780)	605,969
Actual benefits paid versus expected benefits	9,939	(4,439)	9,939	(4,439)
	(39,273)	**524,190**	**(39,273)**	**524,190**

Net Actuarial Gain / (Loss): Post-employment Pension Benefits

Change in economic assumptions	(120,212)	288,650	(120,212)	288,650
Experience adjustments	590,451	81,761	590,451	81,761
Benefit structure changes	(58,148)	-	(58,148)	-
	412,091	**370,411**	**412,091**	**370,411**

Statement of Financial Performance obligation for:

Contribution to Post-employment medical benefits	568,880	(150,741)	568,880	(150,741)
Pension Benefits: Contribution to Funds	2,043	(9,167)	2,043	(9,167)
Total, included in employee benefits expense	**570,923**	**(159,908)**	**570,923**	**(159,908)**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

20. Employee benefit obligations (continued)

Post-Retirement Medical Aid Plan

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

Movement in the defined benefit obligation is as follows:				
Balance at beginning of the year	3,805,019	3,955,760	3,805,019	3,955,760
Current service cost	157,482	162,896	157,482	162,896
Interest cost	540,045	371,912	540,045	371,912
Actuarial (gains) / losses	39,273	(524,190)	39,273	(524,190)
Benefit payments	(167,920)	(161,359)	(167,920)	(161,359)
Balance at end of year	**4,373,899**	**3,805,019**	**4,373,899**	**3,805,019**

Net expense recognised in the Statement of financial performance

Current service cost	157,482	162,896	157,482	162,896
Interest cost	540,045	371,912	540,045	371,912
Benefit payments	(167,920)	(161,329)	(167,920)	(161,359)
Total, included in employee benefits expense	**529,607**	**373,479**	**529,607**	**373,449**

Trend Information - Disclosure Requirement in terms of GRAP 25

	30 June 2017	**30 June 2018**	**30 June 2019**	**30 June 2020**	**30 June 2021**
Present Value of Obligations	(3,934,770)	(4,123,898)	(3,955,760)	(3,805,019)	(4,373,899)
Fair Value of Plan Assets	3,934,770	4,123,898	3,955,760	3,805,019	4,373,899
Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)					
In respect of Present Value of Obligations	3,274	141,804	227,189	(81,779)	210,507

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

20. Employee benefit obligations (continued)

Disclosure Requirement in terms of GRAP 25

Sensitivity Results from Current Valuation	Health Care cost Inflation Central Assumption 9.11%	-1%	+1%
Accrued Liability June 30, 2021	4,373,899	3,815,035	5,061,005
Service Cost + Interest Cost	696,844	582,117	799,496

Sensitivity Results from Previous Valuation	Central Assumption 10.46%	-1%	+1%
Accrued Liability June 30, 2020	3,805,019	3,421,971	4,237,295
Service Cost + Interest Cost	696,844	613,381	792,081

Disclosure Requirement in terms of GRAP 25:

The employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R254million.

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.38 %	14.21 %	12.38 %	14.21 %
General increases to medical aid contributions	9.11 %	10.46 %	9.11 %	10.46 %
Maximum subsidy increase rate	8.61 %	9.96 %	8.61 %	9.96 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	80.00 %	80.00 %	80.00 %	80.00 %
Real rate (GAP)	3.00 %	3.40 %	3.00 %	3.40 %
General inflation	7.61 %	8.96 %	7.61 %	8.96 %

Other assumptions:

Age of spouse - Husbands 3 years older than wives

Mortality of in-service members - Mortality table based on SA85-90 light table

Mortality of pensioners - based on the PA(90) mortality tables

Percentage of in-service members withdrawing before retirement:

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

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

20. Employee benefit obligations (continued)

Pension benefits

The amounts recognised in the Statement of Financial Position were determined as follows:				
Present value of funded obligations	8,813,490	8,778,857	8,813,490	8,778,857
Fair value of plan assets	(10,276,200)	(9,829,659)	(10,276,200)	(9,829,659)
Unrecognised due to paragraph 68 limit	1,454,390	1,040,439	1,454,390	1,040,439
Liability (Surplus) in the Statement of Financial Position	**(8,320)**	**(10,363)**	**(8,320)**	**(10,363)**

Net expense recognised in the Statement of Financial Performance

Service cost	(74,067)	(94,317)	(74,067)	(94,317)
Interest cost	(1,191,388)	(829,855)	(1,191,388)	(829,855)
Expected return on assets	1,344,463	988,330	1,344,463	988,330
Net actuarial gains / (losses) recognised in the year	278,502	(695,738)	278,502	(695,738)
	357,510	**(631,580)**	**357,510**	**(631,580)**

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	(8,778,857)	(9,062,419)	(8,778,857)	(9,062,419)
Current service cost	(74,067)	(94,317)	(74,067)	(94,317)
Actuarial gains	412,091	370,411	412,091	370,411
Interest cost	(1,191,388)	(829,855)	(1,191,388)	(829,855)
Benefit payments	818,731	837,323	818,731	837,323
Balance at end of year	**(8,813,490)**	**(8,778,857)**	**(8,813,490)**	**(8,778,857)**

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

Balance at beginning of the year	9,829,659	10,686,376	9,829,659	10,686,376
Actuarial losses	(133,589)	(1,066,149)	(133,589)	(1,066,149)
Contributions received	54,398	58,425	54,398	58,425
Benefit payments	(818,731)	(837,323)	(818,731)	(837,323)
Expected return on assets	1,344,463	988,330	1,344,463	988,330
Balance at end of year	**10,276,200**	**9,829,659**	**10,276,200**	**9,829,659**

Disclosure in terms GRAP 25

Defined benefit obligation	(8,813,490)	(8,778,857)	(8,813,490)	(8,778,857)
Plan assets	10,276,200	9,829,659	10,276,200	9,829,659
Funded status (before applying the net asset limit)	1,462,710	1,050,802	1,462,710	1,050,802
Experience adjustments on plan liabilities	(590,451)	(81,760)	(590,451)	(81,760)
Experience adjustments on plan assets	133,589	1,066,149	133,589	1,066,149

The expected return on plan assets was determined with reference to the average nominal yield for government bonds with duration of between 15 and 20 years as at 30 June 2021. The resulting expected return on plan assets was 12.38%p.a. (2020: 14.21%p.a.)

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

20. Employee benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	12.38 %	14.21 %	12.38 %	14.21 %
Expected return on plan assets	12.38 %	14.21 %	12.38 %	14.21 %
General inflation	7.65 %	8.96 %	7.65 %	8.96 %
Salary inflation	8.65 %	9.96 %	8.65 %	9.96 %
Pension increase provision	7.65 %	8.96 %	7.65 %	8.96 %
Post retirement interest rate	4.39 %	4.82 %	4.39 %	4.82 %

Examples of mortality rates used were as follows: Active members (All):

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

Notes to the Annual Financial Statements

Figures in Rand thousand

20. Employee benefit obligations (continued)
KZN Municipal Pension Fund:

Nature of the KZN Municipal Pension Fund:
The KZN Municipal Pension Fund is a defined contribution pension fund that started with the transfer of Members from the Durban Pension Fund in 2001. It is the Fund of choice of the Employer.

Size:
At 30 June 2021 the Fund had a membership of over 24 000 with just over R18 billion in assets. Included in the membership is approximately 440 members, as at 30 June 2021, who have chosen the in-fund living annuity option which provides members with a low cost annuity solution when compared to the retail living annuity products offered in the market. The in-fund living annuity membership has grown substantially from last year (370 members) of which the Fund Credits of these members now amount to a substantial R730million as at 30 June 2021, up from R537 million as at 30 June 2020.

Investments:
Best of breed Asset Managers (Coronation, Ninety One, Prudential, Blackrock, Argon, MAZI, Mergence, Satrix , Stanlib, Truffle, Blackrock and ATA) are mandated to invest the savings of members. The investment managers have remained largely the same since last year. The Trustees have a default portfolio in place for members who do not wish to choose their own investments. For those members who wish to have their own investment strategy the Fund offers investment choice to cater for the various risk appetite of members. The advantage of having such a large Fund is the low negotiated investment fees the fund enjoys.

Front Office, Insurance and Fund Expenses:
The Trustees continue with the objective of the Fund to become fully self-insured and in 2018 the Disability insurance premium was fully covered by the Fund. The insured Death benefit was covered 50% by the Fund and 50% by Nestlife who are a black owned insurance provider. Nestlife also covered the Funeral benefit. The 50% Death Benefit and 100% Funeral Benefits have been moved to BrightRock after the year end. The Fund Front Office at SmartXchange Building, 5 Walnut Road, is staffed to investigate the Death benefit distributions and the administration of Disability claims and payments. Procedures in place continue to be refined and improved as ongoing reviews of the current system are in place to improve the experience of our members. The Front Office has been very successful in relieving the strain from the Employer in dealing directly with member queries and providing other important information to members. The Front Office receives a large volume of walk-in queries on a daily basis which are dealt with immediately. The Fund has managed to keep its risk cost and fund expenses to below 3.0% on average and continually strives to keep the fund's costs down as far as possible without compromising on the service delivery to our members. This has resulted in approximately 15% on average, of the total Employer Contribution rate of 18%, to be credited to members retirement benefit which means members invest a combined minimum of 20%.

Communications:
Communication consists chiefly of the Annual Seminar at multiple venues along with the Road Show seminars and presentations given at Induction Sessions, Union gatherings, and Department Staff Communication Days. This method of communication has been inhibited in a significant way as a result of Covid-19 and therefore telephone communication and virtual communication has become more important. A benefit counselling portal has been introduced to the Fund's website to assist members with the Fund information and to assist in education on various topics. Member appointed trustees also perform an important role of engagement in the workplace. Printed brochures are made available along with Retirement Projection Statements and Benefit Statements for each member. Investment balances are available on-line or can be printed at the Front Office. The Fund has a web site (referred to above), data of members on their e-mail list, as well as a limited presence on social media. Considerable additional work continues to be placed into Investment and Retirement Counselling as well as Financial Planning on a one on one basis. Families that are receiving substantial death benefits also receive counselling on tax issues and are encouraged to place their funds in the in house living annuity when tax becomes a consideration. To an extent this option is also preferred by Trustees rather than the allocation of orphans money to a Beneficiary Fund.

Trustees:
Cllr. Sipho Kaunda (Board Chair & eThekwini Exco member), Khanyi Gama (Chair: Finance & Investment Sub-committee), Sthembile Dlamini (Chair: Risk Compliance and Audit Sub-Committee), Paul Babudayal (Chair: Legal, Admin, and Death Benefits Distribution Sub-Committee), Cllr Barbara Fortein (Chair: Communications Sub-committee), Cllr. William Mapena, TN Naidoo, Xolani Gabela, Connie Ndlovu.

Notes to the Annual Financial Statements

Figures in Rand thousand

20. Employee benefit obligations (continued)
Multi-Employer Retirement Benefit Plans:

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

Two of the NJMPF retirement funds are defined benefit in nature. The third fund is a provident fund which is a defined contribution fund.

The last actuarial valuations of the two NJMPF Defined Benefit (DB) Funds (March 2020) showed both funds to be in deficit, but this was due to the valuation date coinciding with the fall in the market. The valuator also quantified the position at May 2020 and at that time both funds were again fully funded as regards pensions in payment. Both funds were underfunded as regards contributing members - thus the employers are continuing to pay a surcharge. A primary reason for the surcharge is that salaries have been increased at rates well in excess of inflation over the past number of years, which has increased the liabilities of the two DB Funds. (From 2016: surcharge updated to 21.65% for Retirement Fund and 9.5% for Superannuation Fund - please refer to valuation reports available from the Fund's website or the Director. The 2017, 2018, 2019 and 2020 actuarial valuations reflected a higher required contribution rate in the Retirement Fund, which would result in a higher required surcharge to fund the deficit. However, the Trustees were conscious of affordability and accordingly from January 2017 the surcharge for each local authority of 9.5% in the Superannuation Fund was reduced to offset the required increase in the local authority's surcharge to the Retirement Fund. In principle the increase in the surcharge to the Retirement Fund would not result in any local authority incurring additional costs. The total surcharge per local authority thus remains unchanged, but the split between the Superannuation Fund and Retirement Fund will be different for each local authority.

The three funds cater for employees of all municipalities in KZN. Each fund is treated as one fund and not as a collection of sub-funds for each participating Municipality. In the DB funds any surplus or deficit is spread across all municipalities - each Municipality pays the same rate of contribution and the same rate of surcharge. A special additional surcharge is levied individually on mu.nicipalities where an employee has received a salary increase that is deemed to be excessive in comparison with the other municipalities. This has the effect of removing some of the cross-subsidisation between municipalities. Other than this, all municipalities are treated in the same manner

Each of the funds undergoes an actuarial valuation each year in order to monitor its financial condition. If necessary the Board of Trustees levies a surcharge until the fund is in a sound financial condition, as is currently the case. In this way the Board ensures that the funds are able to afford the promised benefits.

Durban Pension Fund:

The Durban Pension Fund is a closed defined benefit fund. With effect from the 1 June 2015 the Fund has been administered by Alexander Forbes prior to which it was administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The statutory valuation as at 2019-01-01 revealed that the Fund was 111.4% funded. The value of assets amounted to R10.72billion whist the value of liabilities and reserves was determined to be R9.62billion. The interim valuation as at 2021-01-01 revealed that the Fund was 105.4% funded. The value of assets amounted to R10.67billion whilst the value of liabilities and reserves was determined to be R10.38billion.

The active member pool solvency reserve is 83% funded and the pensioner pool solvency reserve is 100% funded. Members and the employer contribute at the rate of 7.5% and 19.68% respectively with a further contribution of 5.52% being required to be funded by the employer surplus account and 0.7% from the contribution stabilisation reserve account as reflected in the statutory valuation of the Fund as at 2019-01-01.

Notes to the Annual Financial Statements

Figures in Rand thousand

20. Employee benefit obligations (continued)

The asset composition of the Durban Pension Fund is summarised below:

	2021	2020	2021	2020
SA Equities	10.70 %	20.40 %	10.70 %	20.40 %
SA Bonds	71.40 %	51.60 %	71.40 %	51.60 %
SA Cash	0.10 %	2.30 %	0.10 %	2.30 %
SA Other	- %	0.30 %	- %	0.30 %
SA Property	3.10 %	4.40 %	3.10 %	4.40 %
Foreign	14.70 %	21.00 %	14.70 %	21.00 %
	100.00 %	**100.00 %**	**100.00**	**100.00 %**

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Electricity Demand Side Management Grant	8,863	432	8,863	432
Department of Co Operative Governance and Traditional Affairs	5,649	5,649	5,649	5,649
Department of Transport and Public Transport Infrastructure	-	35,940	-	35,940
Department of Environmental Affairs	7,838	7,838	7,838	7,838
Neighbourhood Development Partnership	9,084	-	9,084	-
Department of Arts & Culture	616,790	581,223	616,790	581,223
Department of Human Settlements	421,286	212,883	421,286	212,883
European Union	4,043	1,273	4,043	1,273
Donations and Public Contributions	36,729	37,176	36,729	37,176
D Moss Interest and Land Sales	8,073	8,073	8,073	8,073
Infrastructure Skills Grant	5,122	10,579	5,122	10,579
Department of Health	88,480	119,259	88,480	119,259
Sports and Recreation Grant	10,525	10,525	10,525	10,525
DBSA	95,039	96,175	95,039	96,175
Municipal Emergency Housing Grant	360	28,855	360	28,855
Other Grants and Subsidies	29,522	30,160	29,522	30,160
	1,347,403	**1,186,040**	**1,347,403**	**1,186,040**

These amounts are invested in a ring-fenced investment until utilised. See note 31 for more detail.

Notes to the Annual Financial Statements

Figures in Rand thousand

22. Provisions

Reconciliation of provisions - Group and Municipality - 2021

	Opening Balance	Additions	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	845,796	244,720	(72,947)	-	-	1,017,569
Performance bonus	13,847	80,782	(13,029)	-	-	81,600
Long service awards	102,301	89,337	(83,908)	-	-	107,730
Non-current						
Environmental rehabilitation: landfill sites	276,957	-	-	20,079	61,869	358,905
Long service awards	987,948	212,013	-	-	-	1,199,961
	2,226,849	**626,852**	**(169,884)**	**20,079**	**61,869**	**2,765,765**

Reconciliation of provisions - Group and Municipality - 2020

	Opening Balance	Additions / (reversals)	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	634,468	336,489	(125,161)	-	-	845,796
Performance bonus	81,410	2,940	(70,503)	-	-	13,847
Long service awards	102,443	77,413	(77,555)	-	-	102,301
Non-current						
Environmental rehabilitation: landfill sites	268,055	-	-	27,476	(18,574)	276,957
Long service awards	1,050,857	(62,909)	-	-	-	987,948
	2,137,233	**353,933**	**(273,219)**	**27,476**	**(18,574)**	**2,226,849**

Reconciliation of provisions - Municipality - 2021

	Opening Balance	Additions / (reversals)	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	839,670	244,150	(70,888)	-	-	1,012,932
Performance bonus	11,894	77,288	(9,339)	-	-	79,843
Long service awards	102,200	89,295	(83,878)	-	-	107,617
Non-current						
Environmental rehabilitation: landfill sites	276,957	-	-	20,079	61,869	358,905
Long service awards	987,338	211,915	-	-	-	1,199,253
	2,218,059	**622,648**	**(164,105)**	**20,079**	**61,869**	**2,758,550**

Reconciliation of provisions - Municipality - 2020

	Opening Balance	Additions / (reversals)	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	627,846	335,605	(123,781)	-	-	839,670
Performance bonus	78,669	-	(66,775)	-	-	11,894
Long service awards	102,200	77,555	(77,555)	-	-	102,200
Non-current						

Notes to the Annual Financial Statements

Figures in Rand thousand

22. Provisions (continued)

Environmental rehabilitation: landfill sites	268,055	-	-	27,476	(18,574)	276,957
Long service awards	1,050,394	(63,056)	-	-	-	987,338
	2,127,164	**350,104**	**(268,111)**	**27,476**	**(18,574)**	**2,218,059**

Non-current liabilities	1,558,866	1,264,905	1,558,158	1,264,295
Current liabilities	1,206,899	961,944	1,200,392	953,764
	2,765,765	**2,226,849**	**2,758,550**	**2,218,059**

Performance Bonus

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

Notes to the Annual Financial Statements

Figures in Rand thousand

22. Provisions (continued)
Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which was 7.0% at 30 June 2021. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a Municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

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

The following assumptions were used to calculate the provision:
(1) Discount rate of 7.00% (June 2020: 7.25%);
(2) Inflation rate 4.90% (June 2020: 2.20%);
(3) Total area expected to be rehabilitated: 939 875 square metres (June 2020: 939 875 square meters);
(4) Rate per square metre: R488.44 (June 2020: R432.46) escalating every year by inflation rate;
(5) Total area to be rehabilitated can be reconciled to the different sites as follows:

	30 June 2021	30 June 2020
Bisasar	360,000	360,000
Marianhill	193,000	193,000
Wyebank	35,000	35,000
Shallcross	33,825	33,825
Buffelsdraai	232,350	232,350
Lovu	85,700	85,700

During the current period there was a change in the assumptions used to calculate the provision for the rehabilitation of landfill sites, which resulted in a change in estimate of R61.87million, increasing the provision. This change is mainly attributable to a change in the cost per square meter used in the calculation of the total rehabilitation costs, the incorporation of a fixed lump sum component in the total cost calculation and the revision of the useful lives for the various sites. There was also a significant increase in the inflation rate (123%) when compared to 2020 as well as a 25 basis point decrease in the prime lending rate/cost of capital used in the calculations. These changes resulted in a significant increase in the total cost to rehabilitate each of our landfill sites. The useful lives were revised due to less waste being dumped in the current period than what was originally anticipated resulting in an extension of the lives for these landfill sites. The costs were revised to incorporate the new changes to GRAP in the form of a Guideline for Landfill Sites expected to come into effect in the near future.

The total rehabilitation can be reconciled as follows:

Name	Restated opening balance	Interest	Change in estimate	Closing balance
Bisasar	149,975	10,873	15,413	176,261
Marianhill	80,940	5,868	5,214	92,022
Wyebank	16,422	1,191	958	18,571
Shallcross	13,121	951	3,573	17,645

Notes to the Annual Financial Statements

Figures in Rand thousand

22. Provisions (continued)

Buffelsdraai	8,278	600	20,403	29,281
Lovu	8,221	596	16,308	25,125
Totals	**276,957**	**20,079**	**61,869**	**358,905**

Long service awards

The conditions of service for employees are as follows:

Long Service Leave accrual	5 Day Worker- No.of days p.a.	5 Day Worker- Accum per milestone	6 Day Worker- No.of days p.a.	6 Day Worker- Accum per milestone
After 10 years	1	15	1	15
After 20 years	2	25	3	30
After 30 years	4	35	5	50
After 40 years	5	15	6	10
Maximum Accumulation		90		105

Employees who achieve 10 years of service receive a once off cash payment of R500; upon 20 years of service receive a once off cash payment of R1 000 and upon achievement of 30 years service, employees receive a once off cash payment of R1 500. Employees who achieve 40 years service receive a once off payment of R2 000. A long service allowance will accrue as follows:

- 1% of monthly salary at 10-14 years
- 2% of monthly salary at 15-19 years
- 3% of monthly salary at 20-24 years
- 4% of monthly salary at 25-29 years
- 5% of monthly salary at 30-34 years
- 6% of monthly salary at 35 years or more.

The abovementioned is limited to a maximum of R1 703.26 (2020: R1 703.26).

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

22. Provisions (continued)

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2021 (2020: 30 June 2020). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 8.81% (2020: 9.40%) was used based on internal rate of return.

Summary of economic assumptions (rates are per annum) and key demographic assumptions

Gross discount rate	8.81%	9.40%
Salary inflation	6.57%	5.73%
Net discount rate	2.11%	3.48%
Number of trading days per year	252	252
Retirement age	63 years for males and females	63 years for males and females

Summary of membership data used in the valuation

Current employees		
Number of current employees	24,936	25,708
Average age of employees	43.4	42.8
Average years of past service	12.0	11.3
Average annual salary (R)	267,506	255,275

Reconciliation of Defined Benefit Obligation

Opening Balance	1,089,538	1,152,594
Current service cost	85,250	97,529
Interest cost	109,125	100,587
Acturial (gains) / losses on experience	(4,693)	(54,570)
Acturial (gains) / losses on assumptions	140,936	(98,399)
Cash movements - Benefit payments	(113,677)	(108,203)
	1,306,479	**1,089,538**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

22. Provisions (continued)
Pre-retirement mortality

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

Withdrawal assumption

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

23. Housing Development Fund

Property, plant and equipment	65,200	64,720	65,200	64,720
Housing selling scheme loans	55,180	51,340	55,180	51,340
Investment properties	11,106	11,203	11,106	11,203
Housing rental debtors	7,630	7,121	7,630	7,121
Housing other debtors	258,043	252,787	258,043	252,787
Long term receivables	12,228	21,178	12,228	21,178
Housing inventory	10	95	10	95
Investments	7,489	7,489	7,489	7,489
Assets	**416,886**	**415,933**	**416,886**	**415,933**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

23. Housing Development Fund (continued)

Unspent conditional grants	(229,892)	(208,547)	(229,892)	(208,547)
Creditors	(9,740)	(5,184)	(9,740)	(5,184)
Consumer deposits	(344)	(344)	(344)	(344)
Bank overdraft	(136,509)	(298,261)	(136,509)	(298,261)
VAT payable	(11,352)	(11,576)	(11,352)	(11,576)
Accumulated deficit	28,421	165,449	28,421	165,449
Liabilities and accumulated deficit	**(359,416)**	**(358,463)**	**(359,416)**	**(358,463)**
Housing Development Fund	**57,470**	**57,470**	**57,470**	**57,470**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

24. Service charges

Sale of electricity	13,681,573	13,451,492	13,713,447	13,489,398
Sale of water	5,497,762	4,442,038	5,506,805	4,454,104
Solid waste	770,707	735,153	772,207	737,076
Sewerage and sanitation charges	1,043,383	1,053,415	1,043,383	1,053,415
Total service charges	**20,993,425**	**19,682,098**	**21,035,842**	**19,733,993**

25. Housing development construction contracts

Revenue	392,653	350,419	392,653	350,419
Expenditure	(392,653)	(350,419)	(392,653)	(350,419)
	-	-	-	-

The Housing Development Construction contracts relate to agreements entered between the Municipality and the KwaZulu-Natal Department of Housing in respect of housing projects where the Municipality is a project developer in this arrangement. This arrangement is accounted for in line with the accounting policy for National Housing programmes.

The Housing Development Construction Contract Expenses consists mainly of contracted services wherein the Municipality procures the services of building contractors and other consultants in the construction of the houses on its behalf.

The Housing Development Construction Contract Revenue is recognised on a stage of completion based on the costs incurred. There are no contracts accounted for as work in progress given that costs are expensed when incurred.

The amount due for contract work done is recognised as a debtor and disclosed on Note 3: Receivables from exchange transactions.

The amounts received in advance for work to be done is recognised as a liability and disclosed on Note 17: Payables from exchange transactions.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

26. Rental of facilities and equipment

Sporting Bodies	278,433	262,673	278,433	262,673
Investment Properties	141,445	153,696	116,942	126,487
Business and Ancillary	124,109	109,736	124,109	109,736
Housing Rental	79,752	73,508	79,752	73,508
Other	83,785	87,691	112,010	120,108
	707,524	**687,304**	**711,246**	**692,512**

27. Other income

Sundry Income	290,177	520,559	237,880	328,282
Moses Mabhida	248	2,046	248	2,046
	290,425	**522,605**	**238,128**	**330,328**

28. Interest revenue

Interest earned - External Investments	237,233	507,645	228,083	488,134
Interest earned - Outstanding Debtors	1,059	326,273	1,059	326,273
	238,292	**833,918**	**229,142**	**814,407**

The interest earned by the Municipality on cash invested declined by R260million from June 2020 to June 2021. This was due to the impact of significant interest rate cuts imposed through the Monetary Policy to mitigate the economic impact of COVID-19 pandemic. During the financial period under review, South Africa reached its lowest level of interest rates since early 1970's. Although the Municipality improved on its cash balances from previous year, the impact of interest rate cuts overweighed the positive impact of cash balances on the interest income.

Based on the various Council resolutions adopted by the Municipality, no interest was charged on outstanding debtors during the year, other than that relating to existing arrangements entered with the City such as credit authorities. Further details are disclosed in Note 58 relating to Covid-19 relief packages granted to consumers.

29. Fines

Traffic fine revenue	186,783	169,565	186,783	169,565
Other fine revenue	3,123	19,054	3,123	19,054
	189,906	**188,619**	**189,906**	**188,619**

Other fines mainly relate to illegal connections of municipal services and other contraventions with the by-laws of the City. Refer to note 4 for more details on traffic fines.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

30. Property rates

Rates revenue

Residential	3,009,485	2,991,404	3,009,485	2,991,404
Business / Commercial	3,344,906	3,049,728	3,353,043	3,056,892
Unauthorised / Illegal development	73,026	67,148	73,026	67,148
Development Phasing	2,019	1,930	2,019	1,930
Agricultural	11,299	11,404	11,299	11,404
Vacant land	510,150	500,087	510,150	500,087
Industrial	2,257,224	2,114,506	2,257,224	2,114,506
Public Service Infrastructure	23,176	6,159	23,176	6,159
Total Assessment Rates	**9,231,285**	**8,742,366**	**9,239,422**	**8,749,530**

Valuations

Residential	341,956,211	338,212,383	341,956,211	338,212,383
Business / Commercial	118,274,965	116,060,425	118,274,965	116,060,425
Unauthorised / Illegal development	728,623	702,754	728,623	702,754
Agricultural	3,607,608	3,819,151	3,607,608	3,819,151
Vacant land	9,667,940	9,938,556	9,667,940	9,938,556
Industrial	61,571,849	60,500,898	61,571,849	60,500,898
Public Service Infrastructure	15,390,252	15,562,967	15,390,252	15,562,967
Development Phasing Line	108,910	109,232	108,910	109,232
Total Property Valuations	**551,306,358**	**544,906,366**	**551,306,358**	**544,906,366**

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R0.013654 (2020: R0.011944); Agriculture - R0.003413 (2020: R0.002986); Vacant Land - R0.061218 (2020: R0.053551); Industrial - R0.039954 (2020: R0.034950); Business and Commercial - R0.030959 (2020: R0.027081); Public Service Infrastructure - R0.003413 (2020: R0.002986); Unauthorised / Illegal Development - R0.109229 (2020:R0.095549); Development Phasing line - R0.020202 (2020: R0.017672); Sectional Title right of development - R0.061218 (2020: R0.053551); Mining Property - R0.039954 (2020: R0.034950). In addition to the statutory reduction of R150 000, a furtherreduction of R105 000 was approved for property values exceeding R230 000. In addition to the R230 000,pensioners, child-headed households, disability grantees and the medically boarded are granted a further rebate not exceeding R4 810p.a. The Senior Citizens rebate is restricted to a maximum limit of R2 million on the value of the property.

Valuations based on market values are performed every 5 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values as well as to adjust for valuation appeals where applicable.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies

Included in grants revenue is R307.15million recognised for Vat claimed relating to DORA grants.

Equitable Share	3,923,405	3,160,624	3,923,405	3,160,624
Expanded Public Works Programme Incentive	79,192	78,757	79,192	78,757
European Union	1,175	463	1,175	463
Primary Health Care Provincial Subsidy	225,041	212,998	225,041	212,998
Department of Transport and Public Transport infrastructure	622,595	729,409	622,595	729,409
Demand Side Management	140	2,230	140	2,230
Urban Settlement Development Grant	1,771,286	2,094,441	1,771,286	2,094,441
Other Grants	11,465	14,623	11,465	14,623
Neighbourhood Development Partnership	56,916	74,000	56,916	74,000
Department of Human Settlements	71,816	90,343	71,816	90,343
Grant Accreditation	28,931	8,742	28,931	8,742
Department of Arts and Culture	50,195	64,771	50,195	64,771
Intergrated City Developement Grant	45,911	51,486	45,911	51,486
DBSA Grant	1,268	365	1,268	365
Infrastructure Skills Grant	2,820	1,721	2,820	1,721
Municipal Emergency Housing Grant	28,495	61,955	28,495	61,955
Municipal Disaster Recovery	-	112,983	-	112,983
	6,920,651	**6,759,911**	**6,920,651**	**6,759,911**

Equitable Share

Current-year receipts	3,810,422	3,160,624	3,810,422	3,160,624
Conditions met - transferred to revenue	(3,923,405)	(3,160,624)	(3,923,405)	(3,160,624)
Erroneously withheld (refer Municipal Disaster Grant)	112,983	-	112,983	-
	-	**-**	**-**	**-**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

D Moss Interest and Land Sales

Balance unspent at beginning of year	8,073	8,073	8,073	8,073

Conditions still to be met - remain liabilities (see note 21).

Awaiting the finalisation of land purchase for D MOSS. Commercial Properties have refused to sell their D MOSS properties to the Municipality. The fair value of the land that was intended for acquisition with these proceeds is in the region of R100million.

Department of Environmental Affairs

Balance unspent at beginning of year	7,838	7,838	7,838	7,838

Conditions still to be met - remain liabilities (see note 21).

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway. This grant is received from Department of Environmental Affairs for the National Greening Programme and the promotion of non-motorised transport with the aim of reducing gas emissions.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)
Department of Transport and Public Transport Infrastructure

Balance unspent at beginning of year	35,940	309,587	35,940	309,587
Current-year receipts	622,595	765,349	622,595	765,349
Conditions met - transferred to revenue	(564,387)	(638,980)	(564,387)	(638,980)
Paid back	(35,940)	(309,587)	(35,940)	(309,587)
VAT recognised	(58,208)	(90,429)	(58,208)	(90,429)
	-	**35,940**	**-**	**35,940**

Conditions still to be met - remain liabilities (see note 21).

The funds received and utilised relates to the implementation of the Integrated Public Transport Network.

Neighbourhood Partnership Development

Balance unspent at beginning of year	-	1,877	-	1,877
Current-year receipts	66,000	72,123	66,000	72,123
Conditions met - transferred to revenue	(50,352)	(70,769)	(50,352)	(70,769)
VAT recognised	(6,564)	(3,231)	(6,564)	(3,231)
	9,084	**-**	**9,084**	**-**

Conditions still to be met - remain liabilities (see note 21).

Focus of the grant is to create economic infrastructure in dormitory townships that will attract private sector investment.

European Union

Balance unspent at beginning of year	1,273	1,882	1,273	1,882
Current-year receipts	3,945	-	3,945	-
Conditions met - transferred to revenue	(1,175)	(463)	(1,175)	(463)
Prior year adjustment	-	(146)	-	(146)
	4,043	**1,273**	**4,043**	**1,273**

Conditions still to be met - remain liabilities (see note 21).

Funds used for Capacity Enhancement / Knowledge Management in terms of close our report

Other Grants and Subsidies

Balance unspent at beginning of year	30,160	31,950	30,160	31,950
Current-year receipts	12,309	12,833	12,309	12,833
Conditions met - transferred to revenue	(10,983)	(14,623)	(10,983)	(14,623)
Paid back	(1,930)	-	(1,930)	-
VAT recognised	(34)	-	(34)	-
	29,522	**30,160**	**29,522**	**30,160**

Conditions still to be met - remain liabilities (see note 21).

Other grants and subsidies were utilised during the year to fund various Council projects. Underspending was also due to part of the funding received late in the year.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)

Department of Human Settlements

Balance unspent at beginning of year	212,883	232,890	212,883	232,890
Current-year receipts	280,219	70,336	280,219	70,336
Conditions met - transferred to revenue	(68,428)	(90,343)	(68,428)	(90,343)
VAT recognised	(3,388)	-	(3,388)	-
	421,286	**212,883**	**421,286**	**212,883**

Conditions still to be met - remain liabilities (see note 21).

Funding is used for:

* Administration of hostels in KZN;
* Social housing and housing conveyancing;
* R293 projects and Cornubia construction.

Grant Accreditation

Balance unspent at beginning of year	-	4,913	-	4,913
Current-year receipts	28,931	3,829	28,931	3,829
Conditions met - transferred to revenue	(28,931)	(8,742)	(28,931)	(8,742)
	-	**-**	**-**	**-**

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

Department of Co-operative Governance and Traditional Affairs

Balance unspent at beginning of year	5,649	5,880	5,649	5,880
Paid back	-	(231)	-	(231)
	5,649	**5,649**	**5,649**	**5,649**

Conditions still to be met - remain liabilities (see note 21).

These funds are used for implementing projects identified through the KZN Corridor Development Programme, supporting existing Council initiatives that require additional funding, and to unlock strategic economic development opportunities within the Northern Municipal Planning Region (NMPR) of the City.

The delay is due to the Municipality awaiting confirmation from COGTA to keep the grant funding that was insufficient to fully fund the planned projects to fund other projects. R1m received for youth summit in 18/19 was not spent due to Youth summit event being postponed by COGTA.

Donations and Public Contributions

Balance unspent at beginning of year	37,176	36,876	37,176	36,876
Current-year receipts	-	300	-	300
Conditions met - transferred to revenue	(447)	-	(447)	-
	36,729	**37,176**	**36,729**	**37,176**

Conditions still to be met - remain liabilities (see note 21).

The grants were received from various organisations to finance various developments. In the prior year this includes the development of Nandi Drive and various roads in Hillcrest.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)
Department of Arts & Culture

Balance unspent at beginning of year	581,223	558,707	581,223	558,707
Current-year receipts	85,762	87,287	85,762	87,287
Conditions met - transferred to revenue	(50,195)	(64,771)	(50,195)	(64,771)
	616,790	**581,223**	**616,790**	**581,223**

Conditions still to be met - remain liabilities (see note 21).

The grant is for the capital and operating expenditure for the Libraries as well as the Museum. There has been challenges in the procurement process for the libraries as well as delays in the capital project of the Museum which has resulted in delays in the procurement of capital assets (computer, furniture, artworks etc.) for the Museum therefore resulting in under expenditure.

Electricity Demand Side Management Grant

Balance unspent at beginning of year	432	2,662	432	2,662
Current-year receipts	9,003	-	9,003	-
Conditions met - transferred to revenue	(122)	(1,939)	(122)	(1,939)
Paid back	(432)	-	(432)	-
VAT recognised	(18)	(291)	(18)	(291)
	8,863	**432**	**8,863**	**432**

Conditions still to be met - remain liabilities (see note 21).

This grant is used to finance the Gas to Electricity projects. Underspending is due to funds that were allocated for the Exterior lighting Retrofit project at Moses Mabhida Stadium which was completed in the current financial year. There is a rollover application for the unspent portion.

Infrastructure Skills Grants

Balance unspent at beginning of year	10,579	5,776	10,579	5,776
Current-year receipts	31,942	39,300	31,942	39,300
Grant transferred - Umgeni Water	(24,000)	(27,000)	(24,000)	(27,000)
Paid back	(10,579)	(5,776)	(10,579)	(5,776)
Conditions met - transferred to revenue	(2,820)	(1,721)	(2,820)	(1,721)
	5,122	**10,579**	**5,122**	**10,579**

Conditions still to be met - remain liabilities (see note 21).

This grant is used for the development of engineering and related technology graduates to equip themselves in achieving professional registration in water and wastewater related skills. The spending is lower due to a decrease in the number of students funded by this grant and the delay in the appointment of a mentor.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)

Urban Settlements Development Grant

Current-year receipts	1,771,286	2,094,441	1,771,286	2,094,441
Conditions met - transferred to revenue	(1,540,783)	(1,850,080)	(1,540,783)	(1,850,080)
VAT recognised	(230,503)	(244,361)	(230,503)	(244,361)
	-	-	-	-

This grant was utilised for housing densification, water, electricity and sanitation infrastructure, sidewalks, agricultural gardens and various town centre renewals. This grant has replaced the former Municipal Infrastructure Grant.

Expanded Public Works Incentive Grant

Current-year receipts	79,192	78,757	79,192	78,757
Conditions met - transferred to revenue	(79,192)	(78,757)	(79,192)	(78,757)
	-	-	-	-

This grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)

Primary Health Care Provincial Subsidy

Balance unspent at beginning of year	119,259	84,619	119,259	84,619
Current-year receipts	150,584	162,572	150,584	162,572
Stock medicine	(30,779)	34,640	(30,779)	34,640
Conditions met - transferred to revenue	(225,041)	(212,998)	(225,041)	(212,998)
Accrued receipts	74,457	50,426	74,457	50,426
	88,480	**119,259**	**88,480**	**119,259**

Conditions still to be met - remain liabilities (see note 21).

Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services. The balance relates to the closing medicine stock held by the Municipality.

Department of Sports & Recreation

Balance unspent at beginning of year	10,525	10,525	10,525	10,525

Conditions still to be met - remain liabilities (see note 21).

This grant is for the construction of Durban Soccer Academy and Kwamashu sportfield. Delays were due to litigation matters being resolved late.

DBSA

Balance unspent at beginning of year	96,175	96,305	96,175	96,305
Current-year receipts	132	235	132	235
Conditions met - transferred to revenue	(1,268)	(365)	(1,268)	(365)
	95,039	**96,175**	**95,039**	**96,175**

Conditions still to be met - remain liabilities (see note 21).

To be used for various community reforestation projects, rehabilitation of the Palmiet River projects, Western and Northern aqueduct projects. There were delays earlier in the year due to work stoppages. Projects are now in progress.

Municipal Emergency Housing Grant

Balance unspent at beginning of year	28,855	90,810	28,855	90,810
Conditions met - transferred to revenue	(24,882)	(58,361)	(24,882)	(58,361)
Prior year adjustment	-	(3,594)	-	(3,594)
VAT recognised	(3,613)	-	(3,613)	-
	360	**28,855**	**360**	**28,855**

Conditions still to be met - remain liabilities (see note 21).

This grant is used for the provision of housing during emergencies.

Intergrated City Development

Current-year receipts	45,911	51,486	45,911	51,486
Conditions met - transferred to revenue	(41,094)	(43,763)	(41,094)	(43,763)
VAT recognised	(4,817)	(7,723)	(4,817)	(7,723)
	-	**-**	**-**	**-**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

31. Government grants and subsidies (continued)

The grant was used to provide financial incentive for Metropolitan Municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

Municipal Disaster Grant

Balance unspent at beginning of year	-	79,763	-	79,763
Current-year receipts	-	112,983	-	112,983
Conditions met - transferred to revenue	-	(112,983)	-	(112,983)
Paid back	-	(79,763)	-	(79,763)
Erroneously withheld	(112,983)	-	(112,983)	-
Accrued	112,983	-	112,983	-
	-	**-**	**-**	**-**

The grant is used to assist communities after disasters. During the year the R112.9million of the Municipal Disaster Grant was erroneously withheld from the Equitable Share transfer. The City immediately advised National Treasury of the error in writing. National Treasury has acknowledged the error and has accordingly supported the accrual for the re-imbursement.

32. Levies

Fuel levy	2,854,469	2,610,602	2,854,469	2,610,602

National Treasury shared revenue generated by the general fuel levy.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

33. Employee related costs

Employee related costs - salaries and wages	6,907,443	6,606,993	6,810,928	6,464,100
Medical aid and pension benefits	2,627,915	1,771,657	2,622,874	1,766,327
UIF and workmans compensation	61,667	62,570	46,442	45,866
Contribution to provisions (leave pay, performance bonus, long service awards)	626,852	353,933	622,648	350,104
Travel, motor car, accommodation, subsistence and other allowances	492,745	481,536	492,745	481,536
Overtime payments	1,243,466	1,334,771	1,241,262	1,332,037
Housing benefits and allowances	44,418	41,778	44,418	41,778
Holiday bonus (13th cheque)	552,630	505,287	552,630	505,287
Other	121,015	115,078	120,619	114,549
Less: Employee costs relating to capitalisation and maintenance of PPE	(47,010)	(76,809)	(47,010)	(76,809)
	12,631,141	**11,196,794**	**12,507,556**	**11,024,775**

Municipal Manager - (contract terminated 30 June 2021)

Annual remuneration	3,107	3,107	3,107	3,107
Car alowance	190	190	190	190
Contributions to UIF and SDL	34	34	34	34
Severance payment	1,788	-	1,788	-
	5,119	**3,331**	**5,119**	**3,331**

Chief Finance Officer - (retired 28 February 2021; re-employed on contract 01 March 2021 to 30 June 2021)

Annual remuneration	2,146	1,819	2,146	1,819
Car allowance	670	630	670	630
Holiday bonus (13th cheque)	161	152	161	152
Market allowance	161	242	161	242
Cellphone allowance	12	18	12	18
Other allowances (subsistence, leave cashing)	2,114	137	2,114	137
Contributions to UIF, SDL, medical and pension funds	331	422	331	422
	5,595	**3,420**	**5,595**	**3,420**

D.C.M: Economic Development and Planning

Annual remuneration	1,989	1,485	1,989	1,485
Car allowance	412	412	412	412
Holiday bonus (13th cheque)	200	158	200	158
Cellphone allowance	12	12	12	12
Other allowances (subsistence, backpay)	142	26	142	26
Contributions to UIF and SDL	22	15	22	15
	2,777	**2,108**	**2,777**	**2,108**

D.C.M: Community and Emergency Services - (appointed 01 May 2020)

Annual remuneration	1,789	298	1,789	298
Car allowance	108	18	108	18
Holiday Bonus (13th cheque)	158	26	158	26
Cellphone allowance	12	2	12	2
Other allowances (leave cashing)	63	-	63	-
Contributions to UIF and SDL	18	-	18	-
	2,148	**344**	**2,148**	**344**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

33. Employee related costs (continued)

D.C.M: Governance - (acting Municipal Manager from 26 March 2020 to 25 September 2020 and from 24 November 2020 to 30 June 2021)

Annual remuneration	1,932	1,819	1,932	1,819
Car allowance	670	630	670	630
Holiday bonus (13th cheque)	161	152	161	152
Market allowance	121	121	121	121
Cellphone allowance	12	12	12	12
Other allowances (subsistence, leave cashing, acting)	180	110	180	110
Contributions to UIF, SDL, medical and pension funds	438	406	438	406
	3,514	**3,250**	**3,514**	**3,250**

D.C.M: Trading Services - (appointed 01 October 2020)

Annual remuneration	1,541	-	1,541	-
Cellphone allowance	9	-	9	-
Contributions to UIF and SDL	17	-	17	-
	1,567	**-**	**1,567**	**-**

Head: City Integrity and Investigation

Annual remuneration	1,306	1,229	1,306	1,229
Car allowance	453	426	453	426
Holiday bonus (13th cheque)	109	102	109	102
Cellphone allowance	9	9	9	9
Other allowances (leave cashing)	40	-	40	-
Contributions to UIF, SDL, medical and pension funds	310	291	310	291
	2,227	**2,057**	**2,227**	**2,057**

D.C.M: Corporate and Human Resources - (appointed 01 April 2021)

Annual remuneration	442	-	442	-
Car allowance	108	-	108	-
Holiday bonus (13th cheque)	15	-	15	-
Cellphone allowance	3	-	3	-
Contributions to UIF, SDL, and medical fund	95	-	95	-
	663	**-**	**663**	**-**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

33. Employee related costs (continued)

D.C.M: Human Settlements

Annual remuneration	2,424	1,878	2,424	1,878
Car allowance	177	177	177	177
Performance bonuses	-	89	-	89
Cellphone allowance	12	12	12	12
Other allowances (subsistence, backpay)	153	39	153	39
Contributions to UIF and SDL	25	17	25	17
	2,791	**2,212**	**2,791**	**2,212**

Head: Internal Audit/Chief Audit Executive - (passed away 13 July 2020)

Annual remuneration	74	1,200	74	1,200
Car allowance	32	516	32	516
Performance Bonuses	129	-	129	-
Cellphone allowance	1	9	1	9
Other allowances (leave cashing)	141	37	141	37
Contributions to UIF, SDL, medical and pension funds	17	266	17	266
	394	**2,028**	**394**	**2,028**

Chief Operating Officer - (acting Municipal Manager from 01 July 2021 to date)

Annual remuneration	1,933	1,455	1,933	1,455
Car allowance	468	473	468	473
Performance bonuses	101	95	101	95
Holiday Bonus (13th cheque)	200	167	200	167
Cellphone allowance	12	12	12	12
Other allowances (leave cashing, backpay)	141	219	141	219
Contributions to UIF, SDL, medical and pension funds	20	54	20	54
	2,875	**2,475**	**2,875**	**2,475**

Head: Information Management Unit/ Chief Information Officer

Annual remuneration	1,318	1,240	1,318	1,240
Car allowance	457	430	457	430
Holiday bonus (13th cheque)	110	103	110	103
Cellphone allowance	9	9	9	9
Other allowances (subsistence, long service)	13	36	13	36
Contributions to UIF, SDL, medical and pension funds	316	298	316	298
	2,223	**2,116**	**2,223**	**2,116**

Chief Strategic Officer

Annual remuneration	1,794	1,688	1,794	1,688
Car allowance	618	524	618	524
Performance bonuses	175	-	175	-
Holiday bonus (13th cheque)	149	141	149	141
Market allowance	524	524	524	524
Cellphone allowance	12	12	12	12

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020
33. Employee related costs (continued)				
Other allowances (subsistence, entertainment, telephone, long service)	24	45	24	45
Contributions to UIF, SDL, medical and pension funds	377	357	377	357
	3,673	**3,291**	**3,673**	**3,291**
Chief Audit Executive - (appointed 01 June 2021)				
Annual remuneration		111	111	-
Car allowance		38	38	-
Holiday bonus (13th cheque)		9	9	-
Cellphone allowance		1	1	-
Contributions to UIF, SDL, medical and pension funds		25	25	-
		184	**184**	**-**
ICC Durban (Proprietory) Limited				
Chief Executive Officer: L. Rakharebe	3,203	3,595	-	-
Chief Financial Officer: M. Rambally	2,167	2,340	-	-
Facilities Director: S. Khuzwayo	1,456	1,638	-	-
Marketing, Sales and Events Director: S. Langley - terminated on 28 February 2021	1,158	1,453	-	-
Executive Chef: J. Moatshe - terminated on 31 January 2020	-	829	-	-
	7,984	**9,855**	**-**	**-**
Durban Marine Theme Park (State Owned Company) Limited				
Chief Executive Officer: N. Khoza - appointed 01 October 2020	1,519	-	-	-
Chief Financial Officer: E. Govender - resigned 30 September 2020	676	1,679	-	-
Chief Operating Officer: P. Pillay	2,008	1,966	-	-
Food and Beverage Executive: R. Crow - appointed 01 November 2019	988	643	-	-
Human Resources Executive: H. Ndlovu	1,041	803	-	-
Marketing Executive: N. Mabuza	130	1,302	-	-
Chief Executive Officer: C. Khumalo - resigned 30 June 2020	650	2,643	-	-
Retail Executive: G. Jacobsen - retired	-	1,323	-	-
Food and Beverage Executive: M. Mokoena - resigned	-	469	-	-
Human Resources Executive: A. Ngubane - resigned	-	268	-	-
	7,012	**11,096**	**-**	**-**
34. Remuneration of councillors				
Mayor	1,445	1,390	1,445	1,390
Deputy Mayor	736	1,141	736	1,141
Mayoral Commitee Members	10,309	10,535	10,309	10,535
Speaker	1,175	1,137	1,175	1,137
Councillors	114,104	116,631	114,104	116,631
Traditional Leaders	740	780	740	780
Total Councillors' Remuneration	**128,509**	**131,614**	**128,509**	**131,614**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

34. Remuneration of councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with bodyguards and are also provided with offices and secretarial support at the cost of the Council.

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

Mayor (1)				
Remuneration allowances	1,404	1,288	1,404	1,288
Travelling allowance	-	24	-	24
Cellphone allowance	41	41	41	41
Medical aid	-	9	-	9
Pension fund	-	28	-	28
	1,445	**1,390**	**1,445**	**1,390**
Deputy Mayor (1) - (resigned 28 February 2021)				
Remuneration allowances	662	842	662	842
Travelling allowance	-	6	-	6
Motor vehicle allowance	47	228	47	228
Cellphone allowance	27	41	27	41
Pension fund	-	24	-	24
	736	**1,141**	**736**	**1,141**
Speaker (1)				
Remuneration allowances	1,134	1,027	1,134	1,027
Motor vehicle allowance	-	45	-	45
Cellphone allowance	41	41	41	41
Medical aid	-	7	-	7
Pension fund	-	17	-	17
	1,175	**1,137**	**1,175**	**1,137**
Mayoral Committee Members (9)				
Remuneration allowances	7,573	7,623	7,573	7,623
Travelling allowance	-	53	-	53
Motor vehicle allowance	1,335	1,410	1,335	1,410
Cellphone allowance	367	326	367	326
Medical aid	365	444	365	444
Pension fund	669	679	669	679
	10,309	**10,535**	**10,309**	**10,535**
Councillors (207)				
Remuneration allowances	68,066	70,380	68,066	70,380
Travelling allowance	-	3,882	-	3,882
Motor vehicle allowance	21,005	16,967	21,005	16,967
Cellphone allowance	8,269	8,438	8,269	8,438
Medical aid	7,480	7,461	7,480	7,461
Pension fund	9,284	9,503	9,284	9,503
	114,104	**116,631**	**114,104**	**116,631**
Traditional Leaders (13)				
Allowances	740	780	740	780

Notes to the Annual Financial Statements

Figures in Rand thousand	Group and Municipality 2021	Group and Municipality 2020	Municipality 2021	Municipality 2020
35. Finance costs				
Non-current borrowings	786,171	865,068	786,171	865,068
Trade and other payables	17,972	24,863	17,972	24,863
Landfill provision unwinding of interest	20,079	27,476	20,079	27,476
	824,222	**917,407**	**824,222**	**917,407**
36. Bulk purchases (cost of sales)				
Electricity - Eskom	10,613,558	9,905,622	10,613,558	9,905,622
Water - Umgeni Water	3,555,230	3,331,642	3,555,230	3,331,642
	14,168,788	**13,237,264**	**14,168,788**	**13,237,264**
37. Contracted services				
Outsourced Services				
Administrative and support staff	320,610	316,141	320,610	316,141
Cleaning services	122,364	98,923	120,255	92,988
Clearing and grass cutting services	168,204	132,906	168,204	132,906
Hygiene services	81,092	78,757	81,092	78,757
Meter management	36,554	20,079	36,554	20,079
Refuse removal	308,433	277,309	308,433	277,309
External security	1,062,571	991,110	1,056,369	984,776
Other	145,052	158,516	145,052	158,516
Consultants and Professional Services				
Engineering and other technical services	44,854	76,785	44,175	75,922
Legal expenses	76,482	55,806	76,482	55,806
Research and advisory	42,987	54,875	42,987	54,875
Project management	6,212	78,677	6,212	78,677
Other	41,369	43,684	41,369	43,684
Contractors				
Artists and performers	18,192	20,193	18,192	20,193
Catering services	24,918	55,743	24,918	55,743
Event promoters	13,237	30,611	13,237	30,611
Repairs and maintenance	1,753,430	2,331,986	1,753,430	2,331,986
Recycling	22,893	24,266	22,893	24,266
Stage and sound crew	21,679	27,936	21,679	27,936
Other	105,976	99,066	105,393	98,391
	4,417,109	**4,973,369**	**4,407,536**	**4,959,562**
38. Grants and subsidies paid				
Grant Paid: Point Precinct Trust	2,400	2,425	2,400	2,425
Grant Paid: Sporting Organisations	278,433	262,673	278,433	262,673
Grant Paid: ICC Durban (Proprietory) Limited	-	-	37,100	30,000
Grant Paid: Durban Marine Theme Park (State Owned Company) Limited	-	-	138,856	137,725
Grant Paid: Playhouse Company	-	2,000	-	2,000
Grant Paid: Natal Philharmonic Orchestra	7,681	7,681	7,681	7,681
Grant Paid: SEDA eThekwini	2,190	-	2,190	-
Grant Paid: Other	250,509	292,320	250,509	292,320
Grant Paid: KZN Sharks (Pty) Ltd	4,000	4,170	4,000	4,170
	545,213	**571,269**	**721,169**	**738,994**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

39. General expenses

Advertising	111,425	69,558	110,312	66,727
Auditors remuneration	24,114	24,147	22,208	21,811
Bank charges	10,587	9,610	9,495	8,098
Cleaning	21,883	35,096	20,371	33,105
Commission paid	62,597	70,097	62,413	68,801
Information systems - Consulting and professional fees	293,559	245,999	290,526	241,794
Delivery expenses	1,265	2,537	1,265	2,537
Civic entertainment	22	294	10	87
Hire of facilities, plant and equipment	253,882	458,554	253,882	458,554
Insurance	154,829	108,741	154,522	108,673
Conferences and seminars	19,707	40,031	19,707	40,031
IT expenses	3,075	1,595	2,286	1,321
Marketing	12,212	23,385	7,625	8,171
Management fees	310,341	277,539	310,341	277,539
Levies	1,349	1,349	-	-
Magazines, books and periodicals	4,499	7,262	4,499	7,248
Medical requisites	20,804	20,220	20,804	20,218
Fuel and oil	321,620	311,545	321,620	311,545
Postage and courier	31,656	26,386	31,656	26,386
Printing and stationery	47,029	54,932	46,285	53,757
Promotions	13,225	21,964	13,182	21,895
Protective clothing	53,275	60,069	53,275	60,069
Secretarial fees	1,337	2,187	-	-
Subscriptions and membership fees	27,686	25,856	27,408	25,767
Telephone and fax	80,462	70,449	77,776	68,506
Transport and freight	6,724	19,797	6,724	19,797
Training	80,110	80,415	80,002	79,320
Travel - local	3,635	17,287	3,560	16,801
Travel - overseas	143	6,096	143	5,228
Title deed search fees	792	276	792	276
Refuse bags	79,159	80,757	79,159	80,757
Small plant and tools	12,407	6,724	12,407	6,724
Other expenses	1,057,368	976,637	960,202	892,601
	3,122,778	**3,157,391**	**3,004,457**	**3,034,144**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

40. Cash generated from operations

Surplus	496,492	257,811	507,739	288,581
Adjustments for:				
Depreciation on PPE	2,561,757	2,550,303	2,530,440	2,506,674
Loss / (gain) on sale of PPE	1,343	51,915	971	51,709
Amortisation of Intangible assets	133,527	235,750	133,342	235,134
Depreciation: investment properties	2,444	2,801	550	791
Loss (profit) from Joint Ventures	(12,383)	9,478	(12,383)	9,478
Deferred income	309	(108)	-	-
Impairment PPE	156,155	18,002	156,155	16,017
Debt impairment	2,156,814	2,798,473	2,152,322	2,796,569
Change in estimates	34,742	27,630	34,742	27,630
Movements in retirement benefit assets and liabilities	570,923	(159,908)	570,923	(159,908)
Movements in provisions	538,916	95,018	505,749	103,768
Loss on impairment: investment properties	132	585	132	585
Donations:PPE	(853)	(296)	(853)	(296)
Deferred taxation	(19,271)	(8,767)	-	-
Reversal of loss on impairment: Municipal Entity	-	-	-	(2,323)
Loss on impairment: Municipal Entity	-	-	75,847	-
Changes in working capital:				
Inventories	77,703	(84,557)	74,694	(84,609)
Receivables from exchange transactions	(394,105)	(223,398)	(382,438)	(211,053)
Consumer debtors	(2,870,890)	(2,699,560)	(2,904,519)	(2,701,371)
Other receivables from non-exchange transactions	(294,131)	(150,770)	(258,310)	(157,238)
Payables from exchange transactions	354,735	842,966	349,116	847,210
VAT	315,135	107,938	313,978	105,771
Unspent conditional grants and receipts	161,363	(384,892)	161,363	(384,892)
Transfers payable from non-exchange transactions	3,672	24,531	22,561	28,717
Consumer deposits	53,938	111,880	58,603	140,631
	4,028,467	**3,422,825**	**4,090,724**	**3,457,575**

41. UTILISATION OF LONG-TERM LIABILITES RECONCILIATION

Long-term liabilities	9,058,700	8,367,175	9,058,700	8,367,175
Used to finance property, plant and equipment – at cost	(9,058,700)	(8,367,175)	(9,058,700)	(8,367,175)
	-	**-**	**-**	**-**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

42. Commitments

Commitments in respect of capital expenditure

Approved and contracted for				
• Infrastructure	2,071,700	3,068,640	2,071,700	3,068,640
• Community	36,303	72,902	36,303	72,902
• Land and buildings	82,290	108,419	82,290	101,831
• Other	931,998	815,187	931,171	813,492
	3,122,291	**4,065,148**	**3,121,464**	**4,056,865**
Approved but not yet contracted for				
• Infrastructure	599,109	435,691	599,109	435,691
• Other	2,530	3,544	2,530	3,420
	601,639	**439,235**	**601,639**	**439,111**
Total capital commitments				
Already contracted for but not provided for	3,122,291	4,065,148	3,121,464	4,056,865
Not yet contracted for and authorised by accounting officer	601,639	439,235	601,639	439,111
	3,723,930	**4,504,383**	**3,723,103**	**4,495,976**

Included in the other capital commitments figure for Housing Development construction contracts amounting to R825million (2020: R752million).

Operating leases - as lessor (income)

Minimum lease payments due

	-	-	-	-
- within one year	24,631	19,695	-	-
- in second to fifth year inclusive	86,359	35,111	-	-
	110,990	**54,806**	**-**	**-**

Durban Marine Theme Park Pty (Ltd): The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2026. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. All contracts that are on a month to month basis have been excluded from the projected income. The rental escalation percentage varies from lease to lease, the average being approximately 5%. Escalation of renewal of entire lease: 0%; escalation within lease period of base rental: 6% to 10%; escalation within lease period of operating costs: 8%. Changes that are due to Covid-19 which impact on the lease agreements are factored in.

Municipality: Rental income recognised from operating leases has not been accounted for on the straight-line basis over the lease terms for the following reasons:
Approximately 50% of lease income is short term ie. the lease is terminable at 1 to 3 months notice;
Approximately 45% of long term lease income is based on turnover ie. subjective and not fixed.

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

Durban ICC: The entity receives operating lease income for the use of the entity's premises. The period of the leases do not exceed one year and include month to month leases. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

Operating leases - as lessee (expenditure)

Minimum lease payments due

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020
42. Commitments (continued)				
- within one year	70,183	57,011	70,183	57,011
- in second to fifth year inclusive	28,514	57,915	28,514	57,915
- later than five years	201	945	201	945
	98,898	**115,871**	**98,898**	**115,871**
Operating Commitments				
Minimum lease payments due				
- within one year	844,988	794,033	844,988	794,033
- in second to fifth year inclusive	521,403	225,097	521,403	225,097
- later than five years	603	12,687	603	12,687
	1,366,994	**1,031,817**	**1,366,994**	**1,031,817**

There are no operating commitments for external security as the contract is on a month to month basis. The 3 year budget forecast is R783million, R848million and R874million respectively. However, in the current year external security costs exceeded the original budget of R670million.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

43. Contingencies

Contingent liability: Contractual disputes	432,834	334,602	432,834	334,602

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

Contingent liability: Self Insurance Reserve	1,049,704	935,064	1,049,704	935,064

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

Contingent liability: Property rates	503,646	416,065	503,646	416,065

During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response had the right to lodge an appeal in terms of the MPRA. The appeals process has commenced. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed. The prior year amount has been restated due to an appeal that was acknowledged in the current financial year. This appeal included rates that were levied in the prior years. As a result, prior year figures were restated to reflect the appeal acknowledged in the current financial year but related to reporting periods in the prior years.

Contingent liability: Bank guarantees	163,839	161,939	163,839	161,939

These guarantee's are issued in favour of the following:
- S.A. Post Office: R76 000 (Nedbank Bank) dated 08 May 2017;
- S.A. Post Office: R3.800million (30 June 2020: R1.900million) - (Nedbank Bank) dated 08 May 2017;
- Compensation Commissioner: R149.963million - (NedBank) dated 25 February 2016;
- Water and Sanitation: Demand guarantee (R10million)

Contingent liability: Legal claims	338,654	201,808	338,654	201,808

Various claims submitted to the legal department of the Municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed. Costs and disbursements relating to litigation are included in the contingent liability where they can be reliably estimated. In most instances these cannot be reliably estimated due uncertainty about the number of instances the Municipality would need to appear at court.

Legal disputes relate to:

-Rates dispute: R7.8million (2020: R12.8million);
-Value of compensation in respect of expropriation of various properties: R236.3million (2020: R83.4million);
-Claims for damages - various: R94.5million (2020: R105.6million);

Contingent liability: Claims - bus operator	1,321,293	132,050	1,321,293	132,050

There is currently a dispute with respect to the amount owing by the bus operator, which is R650million disclosed in other receivables;

Contingent asset: Recovery of irregular expenditure	80,479	80,479	80,479	80,479

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

43. Contingencies (continued)

Irregular expenditure amounting to R80,5million has been recommended for recovery by Council. This relates to the 2019/20 financial year. The recovery process is pending the conclusion of disciplinary processes to be undertaken against the employees implicated from finalised investigations.

The irregular expenditure relates to the following departments:
- Water and sanitation - R79.9million;
- eThekwini Municipal academy - R0.4million;
- Human resources - R0.2million.

Contingent asset: Claim for loss of revenue during national lockdown due to Covid - I.C.C. Durban	81,615	81,615	-	-

This contingent asset is comprised of an insurance claim instituted by the Durban ICC SOC Ltd (“the ICC”) against its insurers, Santam Limited (“Santam”), for loss of profits and / or revenue in the sum of R81 614 808 which the ICC sustained as a result of the resultant effects of the COVID-19 pandemic and / or the national lockdown. Santam has not accepted and / or rejected the ICC’s claim and accordingly the ICC is in the process of instituting legal action against Santam. The ICC obtained legal advice from senior counsel in this regard which affirms the ICC’s claim. In addition, the ICC’s claim takes cognisance of similar actions against Santam and other insurers based on the same or similar policy wording wherein the High Court and Appeal Court respectively ruled against the insurers and ordered them to make payment in terms of the applicable insurance policies. Accordingly, the ICC’s claim is viewed favourably and / or as a virtual certainty that the culmination of the legal proceedings will result in the inflow of resources for the ICC.

Durban Marine Theme Park SOC Limited:
After the announcement of a nationwide lockdown due to the COVID-19 pandemic, all operations of the entity were directly affected and led to a total shutdown of operations with immediate effect. A business interruption claim has been lodged with the entity's insurers for the loss of profits due to the COVID-19 pandemic. The claim was approved in principle on 28 July 2021. However the offer of settlement has not been accepted subject to an ongoing legal dispute on the quantum of the amount receivable.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

44. Related parties

Relationships

Municipal Entities (refer to note 14)	Durban Marine Theme Park SOC Limited ICC Durban (Pty) Ltd
Special Purpose Entity	Ethekwini Transport Authority
Joint Ventures (refer to note 15)	Effingham Development Joint Venture Durban Point Development Company
Key Management Personnel (refer to notes 33 and 34)	Senior Management and Councillors

Related party balances as at 30 June 2021 and 30 June 2020:

Loan accounts - Owing by related parties		
Durban Point Development Company	147,094	143,112
Effingham Development Joint Venture	35,815	39,923

The carrying value of the investment in the Effingham Development Joint Venture has been included on the related party disclosures for completeness and consistency with the Durban Point Development disclosures. Comparative figures have also been disclosed.

Amounts included in trade receivables regarding related parties		
Durban Marine Theme Park SOC Limited	58,998	27,345
ICC Durban (Pty) Ltd	11,541	11,968
Effingham Development Joint Venture	10,453	10,155
Amounts included in trade payables regarding related parties		
Durban Marine Theme Park SOC Limited	24,794	7,724
ICC Durban (Pty) Ltd	7,307	1,957
Ethekwini Transport Authority	32,211	40,163
Consumer Deposits		
ICC Durban (Pty) Ltd	1,647	1,647
Sales to related parties		
ICC Durban (Pty) Ltd:	-	-
Electricity	8,037	13,747
Water and sanitation	1,216	2,181
Refuse	557	892
Rates	4,160	3,964
Insurance	25	8
Durban Marine Theme Park SOC Limited:	-	-
Electricity	23,837	24,159
Water and sanitation	7,827	9,885
Refuse	943	1,031
Insurance	492	692
Rates	3,977	3,200
Durban Point Development Company:	-	-
Rates	8,074	7,697
Electricity and water	136	14
Surplus / (Deficit) from Joint Venture	(4,092)	(5,316)
Effingham Development Joint Venture:	-	-
Surplus / (Deficit) from Joint Venture	16,475	(4,162)
Purchases from related parties		
ICC Durban (Pty) Ltd:	-	-
General expenses	21,139	62,972
Grant-in-aid	37,100	30,000
Durban Marine Theme Park SOC Limited:	-	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

44. Related parties (continued)

	General expenses		1,254	6,331
	Grant-in-aid		138,856	137,725
Ethekwini Transport Authority:			-	-
	General expenses		1,280	2,184

Ethekwini Municipality granted Durban ICC (Pty) LTD a right of use of its building at a rental below market value. The market related rental for the year ended 30 June 2021 is deemed to be valued at R32.1 million. The grant in aid of R37.1 million includes the market related rental that relates to services in kind rather than a cash disbursement.

There is no interest charged by the Municipality on related party balances relating to municipal services.

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior year adjustments

The following adjustments all relate to corrections of prior-period misstatements.

Consumer debtors				
Balance previously reported (30 June 2020)	-	6,323,248	-	6,361,506
Rates adjustments	-	32,947	-	32,947
Electricity charges adjustments	-	(37,861)	-	(37,861)
Water charges adjustments	-	(35,436)	-	(35,436)
Interest charges adjustments	-	(42,294)	-	(42,294)
Reclassification of DMTP eliminating entry	-	2,320	-	-
Balance restated (30 June 2020)	**-**	**6,242,924**	**-**	**6,278,862**
Transfers payable from non-exchange transactions				
Balance previously reported (30 June 2020)	-	47,785	-	47,785
Reclassification of DMTP eliminating entry	-	(4,186)	-	-
Balance restated (30 June 2020)	**-**	**43,599**	**-**	**47,785**
Receivables from non-exchange transactions				
Balance previously reported (30 June 2020)	-	50,615	-	50,615
ICC - tax receivable	-	1,003	-	-
Balance restated (30 June 2020)	**-**	**51,618**	**-**	**50,615**
Long term receivables				
Balance previously reported (30 June 2020)	-	69,020	-	65,642
Joint Ventures - change in accounting policy	-	(3,378)	-	-
Balance restated (30 June 2020)	**-**	**65,642**	**-**	**65,642**
Deferred tax				
Balance previously reported (30 June 2020)	-	-	-	-
ICC - tax deferred	-	17,996	-	-
Balance restated (30 June 2020)	**-**	**17,996**	**-**	**-**
Consumer deposits				
Balance previously reported (30 June 2020)	-	2,504,982	-	2,489,276
Reconciliation adjustment	-	82	-	82
Balance restated (30 June 2020)	**-**	**2,505,064**	**-**	**2,489,358**
Inventories				
Balance previously reported (30 June 2020)	-	856,241	-	686,488
Clean-up of unmatched receipts	-	(2,185)	-	(2,185)
Joint Ventures - change in accounting policy	-	(162,007)	-	-
Balance restated (30 June 2020)	**-**	**692,049**	**-**	**684,303**
Interest in Joint Ventures				
Balance previously reported (30 June 2020)	-	-	-	96,493
Change in accounting policy	-	75,541	-	(20,952)
Balance restated (30 June 2020)	**-**	**75,541**	**-**	**75,541**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior year adjustments (continued)

Payables from exchange transactions				
Balance previously reported (30 June 2020)	-	7,530,877	-	7,503,149
Accruals adjustments	-	265,738	-	265,738
Retention written off	-	(30,629)	-	(30,629)
Other payables adjustments	-	(74,273)	-	(74,273)
Reclassification of DMTP eliminating entry	-	4,186	-	-
Joint Ventures - change in accounting policy	-	(55,254)	-	-
Balance restated (30 June 2020)	**-**	**7,640,645**	**-**	**7,663,985**
Intangible assets				
Balance previously reported (30 June 2020)	-	594,795	-	593,759
Cost adjustments	-	(25,882)	-	(25,882)
Amortisation adjustments	-	48,926	-	48,926
DMTP adjustment	-	(48)	-	-
Balance restated (30 June 2020)	**-**	**617,791**	**-**	**616,803**
Non-current provisions				
Balance previously reported (30 June 2020)	-	1,259,145	-	1,258,535
Landfill sites adjustments	-	5,760	-	5,760
Balance restated (30 June 2020)	**-**	**1,264,905**	**-**	**1,264,295**
Investment properties				
Balance previously reported (30 June 2020)	-	262,375	-	207,688
Cost adjustments	-	76,010	-	76,010
Depreciation adjustments	-	(56,000)	-	(56,000)
DMTP adjustment	-	137	-	-
Balance restated (30 June 2020)	**-**	**282,522**	**-**	**227,698**
Property, plant and equipment				
Balance previously reported (30 June 2020)	-	53,319,485	-	52,969,218
Derecognition of assets	-	(829,765)	-	(829,765)
Other cost adjustments	-	(230,531)	-	(230,531)
Other depreciation adjustments	-	(231,795)	-	(231,795)
DMTP adjustment	-	(5,716)	-	-
Balance restated (30 June 2020)	**-**	**52,021,678**	**-**	**51,677,127**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior year adjustments (continued)

Accumulated surplus				
Balance previously reported (30 June 2020)	-	43,004,399	-	43,152,444
Adjustments applicable to full 2019/20 financial year:	-	-		
Service charges	-	(38,395)	-	(38,402)
Rental of facilities	-	(18,764)	-	(17,708)
Other income	-	18,892	-	19,206
Interest received	-	(65)	-	(41)
Gains on disposal of assets	-	(6,027)	-	(6,233)
Property rates	-	68,155	-	64,306
Property rates - penalties imposed	-	(3,826)	-	(3,826)
Government grants and subsidies	-	3,647	-	3,594
Donations - Property, plant and equipment	-	17	-	17
Employee costs	-	24,186	-	24,186
Amortisation - Intangible assets	-	835	-	882
Depreciation - Property, plant and equipment	-	(106,895)	-	(103,232)
Finance costs	-	(25,331)	-	(25,331)
Leases	-	6,152	-	6,152
Contracted services	-	(7,756)	-	(7,756)
Grants and subsidies	-	16,320	-	16,320
Loss on disposal of assets	-	(51,915)	-	(51,709)
General expenses	-	(18,026)	-	(25,090)
Impairment loss - Property, plant and equipment	-	(1,985)	-	-
Debt impairment	-	(3,847)	-	-
Joint Ventures - change in accounting policy	-	(9,478)	-	-
ICC - taxation	-	8,767	-	-
Adjustments applicable to financial years prior to 2019/20:	-	-		
Property, plant and equipment - derecognition of assets	-	(775,659)	-	(775,659)
Property, plant and equipment - depreciation adjustments	-	(323,758)	-	(323,758)
Payables from exchange adjustments - DOHS accrual	-	(104,382)	-	(104,382)
Receivables from exchange transactions - DOHS bad debts	-	(104,572)	-	(104,572)
Other adjustments prior to 2019/20	-	23,634	-	23,634
Joint Ventures - change in accounting policy	-	(20,952)	-	-
Balance restated (30 June 2020)	**-**	**41,553,371**	**-**	**41,723,042**
Cash and bank balances				
Balance previously reported (30 June 2020)	-	282,510	-	211,438
RMS / JDE receipting adjustment	-	8	-	8
Joint Ventures - change in accounting policy	-	(25,795)	-	-
Balance restated (30 June 2020)	**-**	**256,723**	**-**	**211,446**
Heritage assets				
Balance previously reported (30 June 2020)	-	24,769	-	24,769
Cost adjustments	-	(448)	-	(448)
Balance restated (30 June 2020)	**-**	**24,321**	**-**	**24,321**

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior year adjustments (continued)

Receivables from exchange transactions				
Balance previously reported (30 June 2020)	-	2,242,175	-	2,239,238
Accruals adjustments	-	15,648	-	15,648
DOHS debtors adjustments	-	106,782	-	106,782
DOHS provision for bad debts adjustments	-	(104,572)	-	(104,572)
VAT apportionment adjustment	-	16,063	-	16,063
Other debtors adjustments	-	32,577	-	32,577
Reclassification of DMTP eliminating entry	-	(2,320)	-	-
Joint Ventures - change in accounting policy	-	4,366	-	-
Balance restated (30 June 2020)	**-**	**2,310,719**	**-**	**2,305,736**
VAT receivable				
Balance previously reported (30 June 2020)	-	194,632	-	195,943
VAT portion of adjustments	-	22,296	-	22,296
Joint Ventures - change in accounting policy	-	68	-	-
Balance restated (30 June 2020)	**-**	**216,996**	**-**	**218,239**
Unspent conditional grants and receipts				
Balance previously reported (30 June 2020)	-	1,189,780	-	1,189,780
Recognition of revenue previously omitted	-	(3,740)	-	(3,740)
Balance restated (30 June 2020)	**-**	**1,186,040**	**-**	**1,186,040**

The reasons for the various adjustments are summarised below:
Consumer debtors:

Rates, electricity and water adjustments as well as interest and penalty reversals.

Payables from exchange transactions:

Reversal of items incorrectly accrued for. Write-off of retentions no longer payable. Raising of accruals erroneously omitted in previous reporting periods.

Property, plant and equipment:

Capitalisation of assets received or completed in prior periods but not accrued for. Depreciation adjustments due to changes in useful lives. Derecognition of sanitation assets.

Intangible assets:

Cost / amortization adjustments and work-in-progress corrections.

Receivables from exchange transactions:

Adjustment for VAT apportionment. Accruals previously not accounted for. Department of Human Settlements debtors and bad debts provision adjustments.

VAT receivable:

VAT portions relating to prior year adjustments.

Heritage assets:

Adjustments for duplicated works of art. Transfers from property, plant and equipment.

Consumer deposits:

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	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

45. Prior year adjustments (continued)

Adjustment for historical reconciling difference.

Inventories:

Adjustments relating to cleanup of unmatched receipts relating to prior periods for goods received vouchers.

Interest in Joint Ventures:

Adjustment of Durban Point Development Company balance recognized after change in accounting policy.

Non-current provisions:

Rehabilitation cost adjustments due to changes in assumptions and designated areas of two of the Municipality's landfill sites.

Investment properties:

Cost and depreciation adjustments relating to prior periods.

Unspent conditional grants and receipts:

Recognition of revenue relating to prior periods in respect of grants received from European Union and Municipal Emergency Housing.

Transfers payable from non-exchange transactions:

Reclassification of eliminating entry relating to grant paid by Municipality to Durban Marine Theme Park.

Receivables from non-exchange transactions:

Inclusion of tax receivable by Durban International Convention Centre.

Long-term receivables:

Change in accounting policy affecting amount relating to Durban Point Development Company.

Deferred tax:

Inclusion of deferred tax relating to Durban International Convention Centre.

Cash and bank balances:

Adjustment for historical reconciliation difference between RMS and JDE ledger system.

Cash flow statement:

The adjustments above have resulted in restatement in the comparative cash flow.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	15,012	14,307	15,012	14,307
Amount paid - current year	(15,012)	(14,307)	(15,012)	(14,307)
	-	-	-	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2021	2020	2021	2020

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance - previous year fees	1,484	2,596	666	1,630
Current year audit fees	23,895	23,840	21,864	21,653
Amount paid for current year	(22,212)	(23,281)	(21,369)	(20,987)
Amount paid for previous year	(1,729)	(1,671)	(666)	(1,630)
	1,438	**1,484**	**495**	**666**

PAYE, UIF and SDL

Current year payroll deductions	1,899,127	1,913,143	1,881,717	1,899,329
Amount paid - current year	(1,899,127)	(1,913,143)	(1,881,717)	(1,899,329)
	-	**-**	**-**	**-**

Pension and Medical Aid Deductions

Current year expenditure	2,873,708	2,727,273	2,847,926	2,705,792
Amount paid - current year: Defined Benefit Pension Funds	(197,621)	(205,745)	(197,621)	(205,745)
Amount paid - current year: Defined Contribution Pension Funds	(1,576,087)	(1,493,475)	(1,560,653)	(1,478,806)
Amount paid - current year: Medical Aid	(1,100,000)	(1,028,053)	(1,089,652)	(1,021,241)
	-	**-**	**-**	**-**

VAT

VAT received for the year	526,241	586,120	522,020	582,245
VAT paid	(23,212)	(43,883)	(2,857)	(10,297)
	503,029	**542,237**	**519,163**	**571,948**

VAT output payables and VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days during the reporting periods ended June 30, 2021 and June 30, 2020:

June 30, 2021			Amount outstanding (Rands)	Month
Councillor MH. Zwane	-	-	56	Feb-21
Councillor MM. Mthembu	-	-	602	Aug-20
Councillor B. Ndlela	-	-	4,824	Jun-21
Councillor S. Moonsamy	-	-	3,555	Feb-21
Councillor Y. Govender	-	-	9,056	Apr-21
Councillor B. Majola	-	-	8,258	Feb-21
Councillor M. Mkhize	-	-	1,189	Nov-20
Councillor SS. Butelezi	-	-	255	Mar-21
Councillor PL. Hlengwa	-	-	593	Jun-21
Councillor SG. Dlamini	-	-	1,701	Jun-21
Councillor HP. Shozi	-	-	229	Jun-21
Councillor X. Mkhize	-	-	147,405	Jul-20
Councillor ON. Mthembu	-	-	29	Apr-21
Councillor P. Mfeka	-	-	244	Mar-21
Councillor ZS. Ndzoyiya	-	-	46,063	Jun-21
Councillor SB. Mngadi	-	-	39,724	Jun-21
Councillor MM. Ngiba	-	-	4,961	Nov-20
Councillor T. Sabelo	-	-	612	Jun-21
Councillor Ndlela	-	-	3	Jun-21
Councillor MS. Nkosi	-	-	14,744	Jun-21
Councillor TT. Nzuza	-	-	480	Sep-20
Councillor SNC. Khewla	-	-	16,334	Jun-21
Councillor G. Govender	-	-	341	Jul-20
Councillor E. Mngadi	-	-	77	Sep-20
Councillor NN. Nyanisa	-	-	15,048	Jun-21
Councillor S. Bhanprakash	-	-	36,363	Sep-20
Councillor BA. Fortein	-	-	988	Aug-20
Councillor S. Brijmohan	-	-	41,600	Jun-21
Councillor A. Mkhize	-	-	315	May-21
Councillor MS. Madiba	-	-	92	Nov-20
Councillor H. Mkhize	-	-	68,907	Jun-21
Councillor R. Gokool	-	-	119	Jul-20
Councillor KV. Mkhize	-	-	4,849	Jun-21
Councillor MS. Mhlongo	-	-	7,339	Jun-21
Councillor ES. Khanyile	-	-	13,294	Dec-20
Councillor A. Ngcobo	-	-	5,243	Nov-20
Councillor B. Qhantsi	-	-	2,608	Feb-21
Councillor S. Mkhwanazi	-	-	85	Jul-20
Councillor T. Biyela	-	-	2,038	Jun-21
Councillor B. Zulu	-	-	11,878	Jun-21
Councillor S. Hlela	-	-	23	Jun-21
Councillor MS. Khuzwayo	-	-	1,140	Jun-21
Councillor DM. Shozi	-	-	2,711	Oct-20
Councillor MT. Mabaso	-	-	27,036	Jun-21
Councillor NB. Iyir	-	-	1,004	Sep-20
Councillor AN. Shabalala	-	-	3,160	Jun-21
Councillor TK. Phohlo	-	-	42	Aug-20
Councillor MH. Khan	-	-	3,637	Jan-21
Councillor NT. Cele	-	-	17,149	Mar-21
Councillor B. Nhlangulela	-	-	2,886	Jun-21
Councillor NE. Mnguni	-	-	25,306	Dec-20

Notes to the Annual Financial Statements

Figures in Rand thousand

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillor SE. Mhlongo	-	-	28,805	Jun-21
Councillor AB. Mvubu	-	-	1,227	May-21
Councillor SM. Mkhize	-	-	10,955	Jun-21
Councillor SR. Moodley	-	-	572	Apr-21
Councillor TM. Mthethwa	-	-	135	Jun-21
Councillor MP. Dlomo	-	-	1,068	Jun-21
Councillor P. Pillay	-	-	422	Jun-21
	-	**-**	**639,379**	

June 30, 2020			Amount outstanding (Rands)	Month
Councillor M. Gwala	-	-	3,106	May-20
Councillor N. Biyela	-	-	1,134	May-20
Councillor MH. Zwane	-	-	10,242	Nov-19
Councillor MM. Mthembu	-	-	416	Oct-19
Councillor B. Ndlela	-	-	864	Jun-20
Councillor LN. Mngwengwe	-	-	4,005	Oct-19
Councillor B. Mngwengwe	-	-	179	May-20
Councillor S. Moonsamy	-	-	1,651	Jun-20
Councillor B. Majola	-	-	376	Feb-20
Councillor R. Cloete	-	-	153	May-20
Councillor MB. Mjadu	-	-	946	Jul-19
Councillor M. Mkhize	-	-	1,568	Jan-20
Councillor C. Dlamini	-	-	106	Feb-20
Councillor SS. Butelezi	-	-	996	Apr-20
Councillor PL. Hlengwa	-	-	270	May-20
Councillor S. Dlamini	-	-	23	Jun-20
Councillor M. David	-	-	1,092	Oct-19
Councillor M. Mthembu	-	-	100	Oct-19
Councillor HP. Shozi	-	-	109	Jun-20
Councillor H. Khubisa	-	-	100	Oct-19
Councillor A. Mbele	-	-	1,691	May-20
Councillor X. Mkhize	-	-	147,405	Jun-20
Councillor ON. Mthembu	-	-	70,638	Feb-20
Councillor MBR. Zuma	-	-	200	Nov-19
Councillor P. Mfeka	-	-	336	Apr-20
Councillor ZS. Ndzoyiya	-	-	50,167	Jun-20
Councillor SB. Mngadi	-	-	245	Apr-20
Councillor AB. Mvubu	-	-	695	May-20
Councillor MM. Ngiba	-	-	868	May-20
Councillor PN. Sikhosane	-	-	100	Oct-19
Councillor T. Sabelo	-	-	1,791	Jun-20
Councillor Ndlela	-	-	3	Apr-20
Councillor MS. Nkosi	-	-	8,455	Jun-20
Councillor SNC. Khwela	-	-	21,123	Jun-20
Councillor G. Govender	-	-	341	Jun-20
Councillor E. Mngadi	-	-	1,776	Jun-20
Councillor NN. Nyanisa	-	-	5,938	Jun-20
Councillor S. Bhanprakash	-	-	37,044	Jun-20
Councillor BA. Fortein	-	-	758	Jun-20
Councillor S. Brijmohan	-	-	38,291	Jun-20
Councillor A. Mkhize	-	-	1,322	Jun-20
Councillor MS. Madiba	-	-	1,546	Jun-20
Councillor H. Mkhize	-	-	98,464	Jun-20
Councillor R. Gokool	-	-	2,735	Jun-20
Councillor K. Mkhize	-	-	4,860	Jun-20

Notes to the Annual Financial Statements

Figures in Rand thousand

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillor MS. Mhlongo	-	-	8,591	Jun-20
Councillor ES. Khanyile	-	-	16	Jun-20
Councillor A. Ngcobo	-	-	5,243	Jun-20
Councillor B. Qhantsi	-	-	7,408	Jun-20
Councillor S. Mkhwanazi	-	-	85	Jun-20
Councillor T. Biyela	-	-	21,227	May-20
Councillor B. Zulu	-	-	26,344	Mar-20
Councillor S. Hlela	-	-	23	Jun-20
Councillor MS. Khuzwayo	-	-	252	Jun-20
Councillor DM. Shozi	-	-	26,769	Mar-20
Councillor AN. Shabalala	-	-	1,530	Jun-20
Councillor ZRT. Gumede	-	-	1,171	Jun-20
Councillor NB. Iyir	-	-	2,761	Jun-20
Councillor MT. Mabaso	-	-	852	Jun-20
Councillor MP. Dlomo	-	-	41	Jun-20
Councillor AD. Snyman	-	-	1,078	Jun-20
Councillor SE. Mhlongo	-	-	19,981	Jun-20
	-	**-**	**647,600**	

47. Comparative figures

Certain comparative figures have been restated (refer note 45 for details).

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Deviation from supply chain management regulations

Municipality: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) and Section 58 of the Supply Chain Management Policy amounted to R1 606million (2020: R1 911.5million).

Details of the awards are summarised in the tables below:

Durban Marine Theme Park: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R2.3million (2020: R10.6million).
ICC (Proprietary) Limited: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) and Section 58 of the Supply Chain Management Policy amounted to R1.4million (2020: R11.7million).

Group - 2021: Categories per SCM regulations	SCM Regulation Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	32	15.53 %	29,428	1.83 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	20	9.71 %	174,991	10.87 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	0.49 %	500	0.03 %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	126	61.16 %	1,389,639	86.33 %
Deviation from the standard process	58	27	13.11 %	15,165	0.94 %
		206		**1,609,723**	

Group - 2020: Categories per SCM regulations	SCM Regulation Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	44	15.38 %	196,602	10.17 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	29	10.14 %	68,500	3.54 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	0.35 %	3,100	0.16 %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	153	53.50 %	1,620,123	83.78 %
Minor deviation from the standard process	36(1)(a)(vi)	4	1.40 %	439	0.02 %
Deviation from the standard process	58	55	19.23 %	45,002	2.33 %
		286		**1,933,766**	

Municipality - 2021: Categories per SCM regulations	SCM Regulation Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	32	18.50 %	29,428	1.83 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	11	6.36 %	173,392	10.80 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	0.58 %	500	0.03 %

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Deviation from supply chain management regulations (continued)

In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	120	69.36 %	1,388,748	86.47 %
Deviation from the standard process	58	9	5.20 %	13,974	0.87 %
		173		**1,606,042**	

Municipality - 2020: Categories per SCM regulations	SCM Regulation Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	42	23.08 %	196,533	10.28 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	9	4.94 %	62,005	3.24 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	0.55 %	3,100	0.16 %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	112	61.54 %	1,612,829	84.38 %
Deviation from the standard process	58	18	9.89 %	36,987	1.94 %
		182		**1,911,454**	

49. Financial instruments

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

Financial risk management

The Municipality has exposure to the following risks from its use of Financial Instruments:
- Liquidity risk
- Interest rate risk
- Credit risk

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

Further quantitative disclosures are included throughout these annual financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the Municipality's liquidity risk, promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.
To ensure the execution of and compliance to overall risk management policies and guidelines in terms of exposure limits, concentration limits and volatility limits on financial assets and liabilities, eThekwini Municipality plays a focal role in:
- The maintenance of sound liquidity levels such that optimal returns on surplus cash are realized and interest expenses minimized.
- Ensuring that eThekwini Municipality’s credit rating is maintained.
- Ensuring sustainable financial viability of eThekwini Municipality by avoiding the occurrence of uncontrolled losses that could arise as a result of exposure in the financial markets with the overall aim of protecting eThekwini’s financial position.
- To provide the Council with reasonable assurance that financial risks the Municipality is exposed to are identified and, to the best extent possible, mitigated and controlled.

For each financial year, the Council approves a funding plan that minimizes liquidity risk. Treasury manages both the long-term and medium / short-term cash requirements, with surplus funds from operations of the City invested in short term money market instruments. Long-term liquidity risks arising from capital project initiatives are managed through issuance of long-term loans.

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

Notes to the Annual Financial Statements

Figures in Rand thousand

49. Financial instruments (continued)
Carrying amounts:

The carrying amounts of financial assets and liabilities shown in the statement of financial position are as follows:

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Investments	4,634,562	3,873,157	4,550,000	3,750,000
Long-term receivables (current and non-current)	125,167	125,224	125,167	125,224
Consumer debtors	7,140,649	6,242,924	7,210,718	6,278,862
Receivables from exchange transactions	2,687,693	2,310,719	2,675,033	2,305,736
Receivables from non-exchange transactions	157,385	51,618	155,303	50,615
Long-term liabilities (current and non-current)	9,058,700	8,367,175	9,058,700	8,367,175
Payables from exchange transactions	7,995,380	7,640,645	8,013,101	7,663,985
Transfers payable from non-exchange transactions	47,271	43,599	70,346	47,785

49. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter in raising funds to meet its short term cash commitments. The Municipality improved its total cash by R900 million from June 2020 to June 2021. The improvement was mainly due to gradual relaxation of national lockdowns allowing better debtors collection for the Municipality. The overdraft facility in place was not utilised. The Municipality is managing the liquidity risk through an ongoing review of future commitments and credit facilities. Cashflow forecasts are thoroughly prepared and borrowing facilities are closely monitored. The following are details of the contractual maturities of financial liabilities:

Nedbank:	
Ethekwini Municipality - Primary overdraft	20,000
Ethekwini Municipality - Performance letters of guarantees	164,000
Ethekwini Municipality - Letters of credit	1,500
Ethekwini Municipality - Fleet management	68
Ethekwini Municipality - Secondary overdraft facility	496,000
The total of these facilities amount to	**681,568**

Group and Municipality

At June 30, 2021	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Borrowings	9,058,700	9,058,700	850,705	8,207,995
Trade and other payables	8,042,651	8,042,651	8,042,651	-

At June 30, 2020	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Borrowings	8,367,175	8,367,175	851,433	7,515,742
Trade and other payables	7,684,244	7,684,244	7,684,244	-

Municipality

At June 30, 2021	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Borrowings	9,058,700	9,058,700	850,705	8,207,995
Trade and other payables	8,083,447	8,083,447	8,083,447	-

At June 30, 2020	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
Borrowings	8,367,175	8,367,175	851,433	7,515,742
Trade and other payables	7,711,770	7,711,770	7,711,770	-

Group and Municipality

At June 30, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Investments				
• Short-term Investments	4,634,562	-	-	-
• Call deposits	174,145	-	-	-

At June 30, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Investments				
• Short-term Investments	3,873,157	-	-	-
• Call deposits	565,224	-	-	-

Municipality

49. Financial instruments (continued)

At June 30, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Investments				
• Short-term Investments	4,550,000	-		
• Call deposits	150,000	-		

At June 30, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Investments				
• Short-term Investments	3,750,000	-		
• Call deposits	530,000	-		

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the eThekwini Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimizing the eThekwini Municipality's service delivery objectives. GRAP 104 encourages entities to disclose sensitivity analysis for each type of market risk. However, the municipality has not adopted these encouraged disclosures given that the municipality has minimum exposure to market risk.

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates have material impact on the Municipality's investments and borrowings. The Municipality in its original budget, anticipated to borrow R1.0billion for 2020/2021 capital projects. During the year, the Municipality adjusted its budget to accommodate the additional COVID-19 related costs and to reprioritise carry overs and commitments in respect of capital expenditure for 2019/2020. The borrowings were then adjusted upward by R 500m to R 1.5bn. The borrowings were concluded at cost effective interest rates. The municipality's income and operating cash are substantially independent of changes in interest rates.

Cash flow interest rate risk

Counterparty class	Exposure limits	Cash deposits	Medium/short term deposits	Long term deposits
Domestic Banks	16,645,000	150,000	4,550,000	-

Credit quality investments	Long term ratings: AA	Long term ratings: A	Long term ratings: BBB	Short term ratings: A1+	Short term ratings: A1	Short term ratings: A2
Domestic Banks	5	2	0	6	0	1

Valuation of Financial Instruments

Municipality

Financial institution	Group 30 June 2021	Group 30 June 2020	Municipality 30 June 2021	Municipality 30 June 2020
ABSA	1,788,533	2,148,736	1,750,000	2,100,000
FNB	250,000	150,000	250,000	150,000
Nedbank	2,574,063	1,519,038	2,550,000	1,500,000
Grindrod Bank	11,112	1,655	-	-
Investec	10,854	53,728	-	-
Total investments	**4,634,562**	**3,873,157**	**4,550,000**	**3,750,000**

Figures in Rand thousand

49. Financial instruments (continued)

Credit risk

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

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the Municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- reviewing the Municipality's Credit Control Policy annually to ensure that it is updated for current practices that enhance revenue collection.

Long term receivables and other debtors are individually evaluated annually at Statement of Financial Position date for impairment.

The Municipality experienced a decline in debtors collection rate due to the lockdown imposed in response to the covid 19 pandemic. In response to the covid 19 pandemic the Municipality approved a number of relief programmes to the consumers that impacted on recoverability of debtors.

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

Financial instrument	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
Consumer debtors	7,140,649	6,242,924	7,210,718	6,278,862
Receivables from exchange transactions	2,687,693	2,310,719	2,675,033	2,305,736
Receivables from non-exchange transactions	157,385	51,618	155,303	50,615
Cash and cash equivalents	5,453,683	4,695,104	5,326,544	4,491,446

Contribution to bad debts provisions	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
Consumer debtors	1,973,165	2,059,381	1,972,663	2,059,038
Other (exchange and non-exchange transactions)	183,649	739,092	179,659	737,531
	2,156,814	**2,798,473**	**2,152,322**	**2,796,569**

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

Consumer debtors:				
Gross	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
0 - 30 days	3,253,487	3,194,191	3,323,574	3,230,893
31 - 120 days	1,714,529	1,538,502	1,713,667	1,537,395
More than 120 days	10,219,317	7,606,967	10,219,316	7,606,967
Less: Provision for bad debts	(8,046,684)	(6,096,736)	(8,045,839)	(6,096,393)
Net consumer debtors	**7,140,649**	**6,242,924**	**7,210,718**	**6,278,862**

Movement in the provision for bad debts:	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
Consumers				
Balance at beginning of year	6,096,736	5,411,782	6,096,393	5,411,782
Contribution	1,973,165	2,059,381	1,972,663	2,059,038
Bad debts written off	(23,217)	(1,374,427)	(23,217)	(1,374,427)

Notes to the Annual Financial Statements

Figures in Rand thousand

49. Financial instruments (continued)

Balance at year end	**8,046,684**	**6,096,736**	**8,045,839**	**6,096,393**

Movement in the provision for Bad Debts: Other (exchange and non-exchange transactions)	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
Balance at beginning of year	4,846,801	4,352,856	4,844,842	4,352,458
Contribution	183,649	739,092	179,659	737,531
Bad debts written off	(292,945)	(252,090)	(292,945)	(252,090)
Accounting estimate changes	2,356	6,943	2,356	6,943
Balance at year end	**4,739,861**	**4,846,801**	**4,733,912**	**4,844,842**

50. Bank balances

Account number - bank - account Description	Cash book balance June 30, 2021	Bank statement balance June 30, 2021	Cash book balance June 30, 2020	Bank statement balance June 30, 2020
1107821231 Nedbank -Main Expenditure	156,073	(795,956)	151,064	(815,883)
1107821010 - Nedbank - Main Expenditure EFT	(356)	(2,533,248)	(998)	(2,096,684)
1107821061 - Nedbank - Direct Deposit Account	20,558	271,586	17,170	236,235
1107821126 - Nedbank - Electronic Deposit Account	87,181	2,562,581	152,814	217,836
1107821134 - Nedbank - Cashiers Deposit Account	(8,644)	72,462	94,936	1,779,555
1107821002 - Nedbank - Government Deposit Account	16,125	41,869	159,232	1,344,024
1107821398 - Nedbank - Electricity Income Account	720	6,385	3,064	4,527
1107821401 - Nedbank - Electricity Prepaid Vendor Deposits	5,472	308,592	(1)	83,390
1107821304 - Nedbank - SARS E-Filing Account	1,025	67	-	110,618
1107821282 - Nedbank - Dishonoured Cheques Account	-	-	(11)	(759)
1107821088 - Nedbank - Direct Debit Collections Account	(2,662)	101,938	(114)	(2,450)
1107821096 - Nedbank - Transwitch Deposit Account	-	-	-	22,598
1107821118 - Nedbank - Agents Deposit Account	24,315	40,289	(11,899)	61,616
1107821169 - Nedbank - Metro Police Deposit Account	3,518	7,018	803	3,344
1107821150 - Nedbank - Metro Police Transwitch Deposit Account	-	-	-	40
1107821177 - Nedbank - Parks, Recreation and Culture Deposit Acc.	3,268	4,521	8	2,270
1107821185 - Nedbank - City Engineers Account	1,705	5,390	(103,319)	(102,081)
1107821193 - Nedbank - Durban Tourism Deposit Account	196	196	-	55
1107821347 - Nedbank - Central Foreign Rand Account	-	(557)	-	(787)
1107821207 - Nedbank - Virginia Airport Account	1,216	1,215	(1)	71
1107821215 - Nedbank - Department of Housing Account	-	3,296	-	-
1107821290 - Nedbank - Wages Sundry PAYE Account	281	281	247	247
1107821312 - Nedbank - Cash Payments Account	-	(236)	(4)	(213)
1107821029 - Nedbank - Salaries Account	107,494	(644,552)	106,734	(629,156)
1107821371 - Nedbank - Durban Fresh Produce Market Account	29,509	29,492	28,495	28,464
1107821320 - Nedbank - General Bank Account	167,442	866,927	(398,053)	(198,065)
1107821487 - Nedbank - E- Ticketing Account	915	900	(652)	2,186
1107821274 - Nedbank - Bank Charges Account	-	(1,156)	(33)	(33)
1107821223 - Nedbank - Moses Mabhida Stadium Deposit Account	68	261	-	315
1107821460 - Nedbank - Pay at Deposit Account	(11,065)	254,559	(6,762)	140,995
1107821452 Nedbank - Consolidated Investment Fund (EFT)	-	(1)	1	(1)
1107821479 - Nedbank - Syntell Deposit Account	-	-	10	12
1107821517 - Nedbank - E-Services Account	470	1,111	4	638
1107821509 - Nedbank - Reforestation Project Account	4,436	4,436	4,303	4,303

50. Bank balances (continued)

1107821525 - Nedbank - Covid-19 Donation Account	-	-	50	309
Totals: eThekwini Municipality				
Bank balances	**631,987**	**4,585,372**	**718,935**	**4,043,648**
Bank overdraft	**(22,727)**	**(3,975,706)**	**(521,847)**	**(3,846,112)**

The following accounts had nil balances or balances less than R300 at end of reporting periods and were therefore excluded from the listing above:

1107821053 - Nedbank - Durban Fresh Produce Market EFT; 1107821339 - Nedbank - DMTN Bonds Account; 1107821533 - Nedbank - ETK Tertiary Student Relief Account; 1107821495 - Nedbank - Auctions Account; 1107821266 - Nedbank - Refunds Expenditure Account; 1107821444 - Nedbank - Consolidated Investment Fund.

Bank balances are disclosed on a net basis based on the set-off agreement with Nedbank. The intention of the agreement is to set-off favourable and unfavourable bank balances and as a result interest is calculated on a net basis.

The Municipality operates on a Cash Management set-off agreement with Nedbank. This means that although the individual expenditure accounts would run in overdraft on a daily basis (due to ongoing payments to suppliers, employees, refunds etc.), the overall cash flow position is based on the daily net balance of all the bank accounts. This profile with the bank is called "notional pooling" which enables the bank to aggregate the daily balances of all the bank accounts (which is always favourable). Due to extremely high volumes of transactions processed through the various bank accounts, it is necessary to operate multiple bank accounts which allows for ease of reconciliations. Bank accounts are reconciled daily with all funds for the month being swept just after month end into the main eThekwini bank account. This process of sweeping is controlled via the bank reconciliation process via online bank transfers.

Account number - Bank - Account	**Cash Book Balance**	**Bank Statement balance**	**Cash Book Balance**	**Bank Statement balance**
Description	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2020
Durban Marine Theme Park (State Owned Company) Limited:				
1107821045 - Nedbank - Online Account	82	82	6	6
1108788564 - Nedbank - Rope Account	302	302	2	2
1107821606 - Nedbank - Schools Account	16	16	2	2
1107821592 - Nedbank - Retail Account	2,700	2,700	18	18
1108788556 - Nedbank - Salary Account	346	346	5	5
1107821584 - Nedbank - Main Account	6,487	6,487	2,875	2,875
I.C.C. Durban (Proprietary) Limited:	7,197	7,197	39,341	39,341
1107821541 - Nedbank - Deposits Account				
1107821568 - Nedbank - Payroll Account	1	1	1	1
1107821576 - Nedbank - Payments Account	1,080	1,080	2,781	2,781
4341815100225748 - Nedbank - Purchasing Card	3	3	-	-
Totals: MUNICIPAL ENTITIES				
Bank balances	**18,214**	**18,214**	**45,031**	**45,031**

Totals: GROUP				
Bank balances	**650,201**	**4,603,586**	**763,966**	**4,088,679**
Bank overdraft	**(22,727)**	**(3,975,706)**	**(521,847)**	**(3,846,112)**

Figures in Rand thousand

51. Material losses

Water:
The Water Design and Non-Revenue Water (WDNRW) Branch is responsible for monitoring the Non-Revenue Water (NRW) status at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. These various initiatives and targets are as per the adopted Water Conservation Water Demand Management (WCWDM) 10 year strategic plan and these initiatives are being executed by the WDNRW, Water Operations, Customer Services, Auxiliary Services and Office of the Head departments collectively. The key initiatives undertaken impact the reduction of NRW by either promoting the increase of the Billed Metered Consumptions or the reduction of the System input volume. The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses).

The key results for the year to date are:

• The total bulk water System Input Volume for the 2020/21 FY was 1053.7 ML/day, which showed an increase of 6.1 % when compared to the similar period of 2019/20 FY which was an average of 993.2 ML/day.

• There was a decrease of 1.5% in the volume of water produced by eThekwini Water's internal water treatment plants from 16.98 ML/day in 2019/2020 FY to 16.71 ML/day in the 2020/2021 FY.
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• There was an increase of 10.8 % in the recorded Consumer Sales volume of water on RMS, from an average of 485.9 ML/day in 2019/2020 FY to 538.4 ML/day in the 2020/2021 FY.

• Percentage NRW by Volume for the FY closed at 48.90%, which showed a decrease of 2.18% from the closing figure of 51.08 % in the 2019/20 FY

Water losses of 188 093 667 kl/yr. (2019/20: 185,186,257kl/yr.) occurred during the FY under review, which resulted in revenue losses to the Municipality. The estimated water losses amounting to R1 750million (2019/2020: R1 721,6million) were due mainly to losses as a result of ageing and deteriorating infrastructure as well as illegal connections

In line with the current WCWDM Strategic Plan, EWS is implementing a number of initiatives, the highlights of which for the period under review is as follows:

1. During the period 1899 Pressure Reducing Valves (PRV's) were maintained to ensure that it operated at its designed minimum pressure setting. There was however a delay in the installation of new PRV's as a result of the shortage materials for required for the hydraulic control on the valve.

2. The Leak Detection and Repair Strategy has been halted due to non-availability of backfill material, lack of critical fittings, reduced external contract plumbers due to operational budget limitation and thus resulted a total of only 42 056 leaks being repaired under the pro-active program.

3. The programme for the installation of meters in the Rural Areas (ITB land) was executed with a total of 832 out of a targeted 2040 (planned) meters been installed.

4. In terms of the programme for meter replacement for domestic consumers a total of 1060 out of a target of 2268 (planned) has been achieved. This delay was due to material shortages in the stores.

5. The program for the replacement of Institutional, Commercial, and Industrial (ICI) meters was successfully executed with a total of 413 out of the targeted 360 meters been achieved. All work was carried out in-house.

There have been significant challenges experienced during the FY which had a negative impact and resulted in the NRW% closing at 48.90% for the 2020/21 FY.

Some contributing Factors leading to increasing NRW:
• Decreasing Sales Volumes
• 59 408 records of zero consumption on RMS;

- Estimated readings result in overbilling with adjustments being required (Average of 58 771 meters are not read in 90 days);
- Adjustments results in contributing directly to the decreasing sales volumes;
- Moratorium on disconnections due to COVID – difficult to control usage on these customers and thus contributes negatively to the performance of the Unit;
- Lack of key fittings for meter installations which hampered new and replacement of meters;
- Lack of plumbers and vehicles resulting in low productivity;
- To date there are a total of 3 416 CABS confirmed and coordinated by the Engineering & Data Service team within the eThekwini Municipality. An exercise was carried out to determine the status of the CABS in terms of metering and integration into the RMS billing system. The investigation confirmed that there were 196 CABS that have zero consumption and 415 sites that have recorded an average consumption of less than 1KL/Day. This has a significant negative impact on the total volume of water being accounted for under Billed metered consumption and once rectified will result in an average increase of approximately 24 ML/day. This could improve the NRW percentage reported by approximately 2.5% on its own.

- Security Issues, Vandalism and Theft
  - There security issues associated with response times to attend to bursts and leaks even though plumbing teams are being escorted by security teams.
  - Rampant vandalism on key components within the water infrastructure which include theft and vandalism to the following components that impacts negatively on the water loss reduction efforts:
    - Scada and Telemetry at reservoir sites
    - Air valve chambers
    - Water Pump stations (MCC and pipework)
    - Cathodic Protection Units (TRU, NDU, FDU and cross bonds)
- Shortage of Operational Budget
  - Operational budget constraints which has resulted in non-availability of external contractors that were allocated with planned active leak detection and repair which has led to the proactive approach to addressing visible leaks and bursts being stopped.
- Migration into Rural Areas
  - eThekwini Municipality is a unique metro as approximately 60% of the area that it services is rural. Consequently, there is a dire need for the City to implement the rural area policy for rolling out essential services in these areas. These areas do not have a formal cadastral and development in these areas is uncontrolled.

Sanitation - Property, plant and equipment under investigation:
In March 2021, an exercise commenced to physically verify and survey all community ablution blocks (CABS) that exists and is owned by the Municipality. This extensive exercise was completed on 29th July 2021. The number of CAB records not found has been derecognised in these financial statements.

Electricity:
Estimated Electricity losses of 1 221 950 037.89 kWh occurred during the period under review which resulted in revenue losses to the municipality. These estimated kWh losses amounted to R 1 223M (R762m June 2020) The national norm for electricity losses ranges from 5% to 12%. The loss incurred by the municipality is 11.53% (7.7% June 2020) and is due to a combination of transmission/distribution losses and losses due to illegal connections.

Bad Debts written off:
Debt of R316.2million (2020: R1 626.5million) was written off during the year. The write-off is in respect of irrecoverable debts which relate to rates, water, housing and sundry debts. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on the debt that can still be recovered.

Included in the bad debts written off figure is an amount of R137.7million (2020: R R109.4million) relating to traffic fines following a directive issued by the National Prosecuting Authority to withdraw traffic fines in respect of summons not served within eighteen months from the dates of the offence and withdrawal of warrants not executed within two years from date of issue.

City integrity and investigations unit:
During the year 23 of the 729 cases that were finalised by the City integrity and investigations unit, recommended the recovery of R85.9million resulting from potential losses. The recovery thereof is pending the conclusion of disciplinary and legal processes to be undertaken against the employees implicated from finalised investigations.

52. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

Irregular expenditure reported during the 2020/21 year:	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Irregular expenditure arising through finalised investigations - CIIU	104,693	19,238	104,693	19,238
Inappropriate use of regulation 36	214,860	2,922	214,860	2,922
Non-compliance with S.C.M. - various: This expenditure is deemed to be irregular due to Public Tender Process not being adhered to, 3 quotations not being obtained and adverts not being adequately advertised.	68,396	366,941	68,396	366,941
Non-compliance with MFMA - Section 116	371,018	425,502	371,018	425,502
Non-compliance with MFMA - Section 32	-	11,067	-	11,067
Awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini Municipality	1,205	188	1,205	188
Non-compliance with S.C.M. Policy - Section 17(1)(a) and 18(1)(a)	-	805	-	805
Awards made entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	6,299	12,935	6,299	12,935
Awards made to suppliers in which Councillors have an interest	-	1,049	-	1,049
Non-compliance with S.C.M - Procurement deviations	-	231,380	-	231,380
Non-compliance with S.C.M. regulations - Identified by Internal Audit processes	3,853	-	3,853	-
Durban Marine Theme Park (SOC) Limited: Non-compliance with S.C.M. - various	6,885	1,477	-	-
I.C.C. Durban (Pty) Ltd: Non-compliance with S.C.M. - various	7,920	34,093	-	-

Investigations are still in progress regarding 809 cases (June 2020: 648 cases). 729 cases were completed during the reporting period (2019 / 2020 financial year: 570 cases).

Irregular expenditure reconciliation	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Opening balance	3,586,517	3,034,558	3,513,043	2,996,654
Irregular expenditure - current period	534,971	1,037,711	525,786	1,002,141
Irregular expenditure - prior periods	140,647	50,648	139,845	50,648
Irregular expenditure arising from finalised investigations	109,511	19,238	104,693	19,238
Amount certified as irrecoverable by Council	(416,066)	(555,638)	(416,066)	(555,638)
Irregular expenditure awaiting write-off / recovery.	**3,955,580**	**3,586,517**	**3,867,301**	**3,513,043**

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers.

Fruitless and Wasteful expenditure reconciliation	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Opening balance	38,667	33,560	38,667	33,560
Fruitless and Wasteful expenditure	9,573	5,107	9,573	5,107
	48,240	**38,667**	**48,240**	**38,667**

The fruitless and wasteful expenditure relates to interest on late payments, penalties, breach of contract, settlements and vehicle damages not claimed from Insurance.

52. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

Unauthorised expenditure reconciliation	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Opening balance	1,778,772	-	1,778,772	-
Non-cash: Debt impairment	-	1,724,283	-	1,724,283
Non-cash: Depreciation and asset impairment	-	27,567	-	27,567
Non-cash: Finance charges (unwinding of landfill charges on landfill sites provision	-	26,922	-	26,922
Funded via Final Adjustment Budget	(1,778,772)	-	(1,778,772)	-
	-	**1,778,772**	**-**	**1,778,772**

The amounts above are exclusive of VAT.

53. Events after the reporting date (non-adjusting)

Civil unrest:
Civil unrest occurred in the province from 9 to 18 July 2021. During the unrest a number of buildings occupied by various units of the Municipality were vandalised. Computer equipment, as well as furniture and fittings were stolen. Five soup kitchens were looted. Cash from Sizakala centres was stolen. Vehicles were damaged. The Isipingo Business Support Unit offices, chicken coops & informal traders storage facility were burnt. Most of the informal trade infrastructure as well as other infrastructure were damaged throughout the Metro.
The total estimated cost of damage and theft to the City arising from the civil unrest is currently being assessed.

Notes to the Annual Financial Statements

Figures in Rand thousand

54. Budget disclosure

Differences between budget and actual amounts and basis of preparation and presentation
Variances above 10% are considered material. The following are reasons provided for material variances:

Transfers and grants:
Grants paid to the Municipal Entities by the Municipality are classified as other expenditure in the budget whereas the actual expenditure is reflected as grants paid in line with GRAP. The capital budget includes Human Settlements Development Grant (HSDG) for top structures whereas the actual expenditure is reflected in the Statement of Financial Performance (operating expenditure) in accordance with GRAP. Capital spend against approved capital budget net of HSDG is 90%.

Investment revenue:
The interest earned by the Municipality on cash invested declined by R260million from June 2020 to June 2021. This was due to the impact of significant interest rate cuts imposed through the Monetary Policy to mitigate the economic impact of COVID-19 pandemic. During the financial period under review, South Africa reached its lowest level of interest rates since early 1970's. Although the Municipality improved on its cash balances from previous year, the impact of interest rate cuts overweighed the positive impact of cash balances on the interest income.

Internally generated capital expenditure:
- R302 million: Delays in the delivery of service delivery vehicles and plant due to the Covid19 pandemic that has affected the supply of raw materials globally. The main departments affected were: Solid Waste, Water and Sanitation and Engineering, these assets are purchased centrally by the City Fleet Department;
- R50 million: Delays in the signing of the MOA between the City and the Provincial Department of Human Settlements, which affected some of the Gap infill Housing project;
- R295 million: Delays due to Covid19 lockdown restrictions and delays in the procurement processes from various departments. The City is looking at improving on planning and adhering to proposed timelines in plans to ensure that procurement processes are initiated as soon as reasonably possible to avoid delays in commencement of projects. These projects have been rolled over into the new financial year.

Budget policy is aligned with GRAP in terms of disclosure.
Operational grants for the year were R4.5billion and capital grants were R2.4billion

A comparison of the budget and actual information has been disclosed in the Statement of comparison of budget and actual amounts and not in columnar format as required due to the classification as per budget regulations as prescribed by National Treasury differing to the GRAP disclosure requirements.

An adjustments budget is the mechanism to amend an approved budget under certain conditions and is legislated in terms of Section 28 of the MFMA of 2003 and the Municipal Budgeting and Reporting Regulations. The main reasons for the adjustments to the budget are as follows:
- reallocation of budgets between votes to ensure operational efficiencies,
- adjustments in respect of grant funding to the Municipality, and,
- re-prioritisation of capital projects for various reasons.

55. Change in accounting policies

In line with the GRAP standards effective in the current year, the municipality amended its accounting policies in order to comply with the requirements of these standards as follows, with the implementation of the accounting policies done on a retrospective basis in accordance with GRAP 3 dealing with changes in accounting policies and the respective transitional provisions:

GRAP 18:

The municipality has adopted GRAP 18 in its accounting policy for Segment Reporting, which is in accordance with amendments to GRAP standards effective for the 30 June 2021 financial year. As disclosed in accounting policy 1.3: Segment reporting, the municipality has three key functional segments emanating from the municipality's 10 clusters which can be summarised as follows:

55. Change in accounting policies (continued)

- Community and public safety which includes community and social services, sport and recreation, public safety, health,and housing services.

- Economic and environmental services which includes planning and development, road transport and environmental protection services.

- Trading services which includes energy sources, water management, wastewater management and waste management services.

The municipality has disclosed the information relating to segmental reporting on Note 64 to the financial statements and comparative disclosures have also been provided to achieve fair presentation even though comparative disclosures need not be presented on initial adoption in terms of Directive 3: Transitional Provisions for High Capacity Municipalities relating to GRAP 18.

GRAP 34 - 38:

The municipality has adopted GRAP 34 – 38 in its accounting policies for the preparation of separate and consolidated financial statements, which is in accordance with amendments to GRAP standards effective for the 30 June 2021 financial year. GRAP 34 – 38 replace GRAP 6 – 8, being the standards previously used for preparing separate and consolidated financial statements.

Separate financial statements:

The amendments did not have an impact on presentation and disclosure for all the investment in other entities that are disclosed in Note 14: Interests in other entities, other than that relating to the Durban Point Development Joint Venture (DPDC).

The municipality obtained joint control of DPDC when it took over the interest that was initially held by its DIDT trust, in which case the transfer of the investment from the trust to the municipality was at the initial cost to the trust, which was at the carrying value of the investment. Given that the municipality and the DIDT trust were entities under the same control, the transfer of the investment from the DIDT trust to the municipality was correctly accounted for at the carrying value of the investment.

The municipality applies the equity method to measure its investments in joint ventures. In accordance with the transitional provisions on GRAP 37: Joint Arrangements contained in Directive 3: Transitional Provisions for High Capacity Municipalities, the deemed cost for an entity that applies the equity method to measure its investments in a joint is the entity's proportionate share of the carrying amounts of the assets and liabilities relating to the joint venture (net assets) for the annual period immediately preceding the date of initial adoption, being the 30 June 2020 reporting period.

As a result, the carrying value of the investment in DPDC has been adjusted by an amount of R20million in the prior year against accumulated surplus to reflect the municipality's share of assets and liabilities in the joint venture as at 30 June 2020 in accordance with the transitional provisions of GRAP 37. The losses amounting to R20 million relate to the pre-acquisition losses before the municipality became a shareholder in DPDC. The restated figures have been disclosed in Note 14: Interests in other entities.

Group financial statements:

The amendments did not have an impact on presentation and disclosure with regards to the consolidation of municipal entities. The investment in the municipal entities is eliminated on consolidation as in previous reporting periods, with the assets, liabilities, revenue and expenditure fully consolidated after adjusting for related party transactions and balances.

55. Change in accounting policies (continued)

The amendments had an impact on the measurement, presentation and disclosure of investments in joint ventures. Prior to the adoption of GRAP 34-38, investments in joint ventures were eliminated on consolidation, with the assets, liabilities, revenue and expenditure proportionately consolidated after adjusting for related party transactions and balances. In terms of GRAP 34-38, the proportionate consolidation of assets, liabilities, revenue and expenditure is not permitted and as a result only the investment in the joint venture is presented and disclosed on the consolidated financial statements. In order to comply with these requirements, the investments in the joint ventures have been accounted for using the equity method on a retrospective basis, with the previously proportionately consolidated assets, liabilities, revenue and expenditure adjusted as part of changes in accounting policies.

The impact of the changes in accounting policies pertaining to the Statement of Financial Position has been disclosed on Note 45: Prior year adjustments, with the impact on the Statement of Financial Performance being immaterial.

The accounting policies on investments in other entities are contained in accounting policies 1.16 and 1.17.

GRAP 108:

The municipality has adopted GRAP 108 in its accounting policy for Statutory receivables and payables, which is in accordance with amendments to GRAP standards effective for the 30 June 2020 financial year. The municipality had previously taken advantage of the transitional provision relating to the initial adoption of GRAP 108, with the implementation only occurring in the current year, hence the amendment to the accounting policies.

As disclosed in accounting policy 1.32 on Statutory receivables and payables, statutory receivables pertain to property rates, traffic fines and vat receivables. There is currently no GRAP standard for statutory payables. The municipality has therefore developed an accounting policy for income tax and vat payables using the principles on the accounting policy for statutory receivables. The accounting policy for statutory payables is consistent with that applied for statutory receivables because these payables arise from the application of legislation, which is the Income Tax and VAT Act.

Statutory receivables and payables have been disclosed on the Statement of Financial Position separately based on the nature of the asset or liability. The municipality has provided disclosures pertaining to Statutory receivables and payables on Note 57, with disclosures provided also for the comparative reporting period.

GRAP 110:

The municipality has adopted GRAP 110 in its accounting policy for Living and Non-living Resources, which is in accordance with amendments to GRAP standards effective for the 30 June 2021 financial year. The municipality does not have material living and non-living resources that have been separately presented on the Statement of Financial Position or separately disclosed on the notes to the financial statements. The presentation and disclosure requirements of GRAP 110 will be assessed on an annual basis taking into accounting materiality considerations.

As disclosed on accounting policy 1.38 relating to Living and non-living resources, living resources mainly relate to horses, dogs, and birds. Horses and dogs are mainly used for policing, whereas birds are located at bird parks for recreational purposes.

The living resources are disclosed in Note 11: Property, plant and equipment as Non-biological assets, with a cost of R556 thousand that has been fully depreciated. Given the immaterial nature of these assets, the useful lives have not been revised, which is consistent with the guidance provided on the frequently asked questions issued by the Accounting Standard Board stating that in the main the requirements of GRAP 3 apply to material assets and that the useful lives of assets need to be revised taking into account materiality.

IGRAP 20:

The municipality has adopted IGRAP 20 in its accounting policy for adjustments to revenue, which is in accordance with amendments to GRAP standards effective for the 30 June 2021 financial year. This accounting policy assists in determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate. Accounting policy 1.34.3: Adjustments to revenue has been incorporated to this extent to enhance the existing accounting policy on revenue. This IGRAP has not had an impact on presentation and disclosure since the existing GRAP 3 requirements are used to account for adjustments to revenue.

56. Accounting by principals and agents

Principal-agent arrangements relate to binding arrangements in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). The following arrangement meets the criterion for such arrangements:

Durban Point Precinct and Water Main Project:

In the prior years, Durban Point Development Company (Pty) LTD (DPDC) entered into a Development Framework Agreement with the municipality undertaking to work together to promote the development of the Point Precinct for the mutual benefit of both parties and the ratepayers of the City. In terms of this arrangement, the municipality was responsible for providing at its cost the infrastructure and basic services to the Point Precinct. The parties agreed that DPDC be appointed as the implementing agent at no cost to the municipality in respect to the construction works and the project management thereof, with the cost including the design fees, the procurement of the various reports from professions and the actual construction costs. This was all in an attempt to fast-track the development within the Point Precinct using a system that is fair, equitable, transparent, cost-effective and competitive.

The municipality was considered as a principal in terms of this arrangement, which was explicit in the Development Framework Agreement, with no judgement applied in making this assessment. The municipality was then responsible for making payments to DPDC on receipt of invoices for work performed. Any disputes between the parties were to be referred to arbitration. There had been no changes in the previous reporting periods in terms of the significant terms and conditions of the arrangement.

Expenditure incurred on behalf of the municipality relating to the Point Precinct project in which DPDC was an implementing agent amounted to R391.3million as at 30 June 2020. The Promenade infrastructure asset was then capitalised following the completion of the Point Precinct project during the 2019/20 financial year. In the prior year, the amount disclosed for the Point Precinct Project was 435.13million. This comparative amount has been unbundled since there is a portion relating to the Watermain asset. Of the R435.13million disclosed in the prior year, R391.3million relates to the capitalised Promenade asset and R43.83million relates to the Watermain asset.

The commitment of R189.83million brought forward from the previous financial year relates to the Watermain Project that has a separate implementing agent under the same conditions as DPDC where the municipality is a principal to the arrangement.

Costs incurred in the current year relating to the Watermain Project amounted to R 115.24million (30 June 2020: R43.83million), with spending to date of R159.06million and remaining commitment of R74.59million. The expenditure has been recognised as work-in-progress by the municipality based on the period in which it relates to. All payments due to the implementing agent relating to the project have been paid, except for an accrual amounting to R290 thousand relating to an invoice received after year-end that is not yet payable. There are no resources under the custodianship of the implementing agent, costs recognised by the implementing agent nor any resources to be remitted to the municipality.

In the event that this arrangement would be terminated, the project would be stalled due to the procurement processes that the municipality would need to follow, also resulting in the potential escalation of costs due to price increases over the extended period.

57. Going concern

Overall assessment:

The Corona virus pandemic continues to have an impact on cash flows, cash collections, capital and operating expenditure due to the National lockdown, coupled with the social unrest that took place in Kwazulu-Natal during the month of July 2021. These tough economic conditions have resulted in consumers defaulting on paying municipal accounts due to a reduction in their disposable income, retrenchments and unemployment.

Figures in Rand thousand

57. Going concern (continued)

The Municipality continues with the implementation of the economic recovery plan aimed at creating employment opportunities and providing relief to consumers so that they are up to date with their municipal accounts. Amid the Covid-19 pandemic and social unrest that took place, the municipality still maintains a healthy collection rate from the date in which the National Disaster was declared, with the collection rate being 96.3% as reported on the July 2021 Budget Statement.

Amid the current economic conditions, the Municipality is still able to pay its creditors as and when payments are due and still maintains a healthy financial position.

Capital budget reprioritization:

The Municipality has proposed a Special Adjustment Budget for September to respond to the current third wave of the Covid19 pandemic and the recent political and social unrest. The reprioritization exercise will be undertaken to expedite areas of priority for economic growth through catalytic projects, asset renewals and replacement for our high priority assets to ensure we maintain our current level of service to our residents through these challenging economic conditions.

Various committees have been formed to deal with major expenditure items, including the approval and budget allocation for these items. This is to ensure that:

- the budget is funded,

- there is focus on cost containment,

- there is focus on essential service delivery, and

- the budget is realistic considering the current economic conditions.

Operating budget:

The budget for 2021/22 is fully funded as approved by Council on the 27th of May 2021. However, the impact of the KZN unrest and 3rd Wave-COVID 19 pandemic have resulted in increased expenditure. As a result, the Budget will be reprioritized via a Special Adjustments Budget in September 2021.

The KZN unrest resulted in some damages to buildings, infrastructure and an increase to Overtime for the Emergency personal, security and communication costs for radio visits from Mayoral Office to call for calm and unity.

In order to address the additional expenditure requests, the municipality is applying a strict implementation of cost containment policy in ensuring cost containment measures and ongoing austerity measures on the following items and other operational items.

- employee related costs, security, eventing, consultants, gifts and promotional items, travelling and accommodation, EPWP and seminars and trading.

Conclusion:

Based on the above the Municipality will continue operating in the foreseeable future, thus supporting the going concern basis of accounting.

58. Covid related expenditure

The following table highlights the amounts spent per category on Covid related expenditure:

Figures in Rand thousand

58. Covid related expenditure (continued)

Operating expenditure:	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Employee related costs	21,882	88,111	21,882	88,111
Building contractors	5,287	38,535	5,287	38,535
Poverty relief	2,516	74,441	2,516	74,441
Grant in aid	77,048	42,658	77,048	42,658
Hire charges	18,921	63,598	18,921	63,598
Consumables	17,972	24,735	17,972	24,735
General expenses	1,278	16,521	1,278	16,521
Medical requisites	17,408	14,297	17,408	14,297
External security	9,806	8,733	9,806	8,733
Cleaning materials	1,152	7,426	1,152	7,426
Operating leases	208	131	208	131
Uniforms and protective clothing	2,464	6,081	2,464	6,081
Contracted services	30,180	7,675	30,180	7,675
Capital expenditure:				
Inventory	13,902	36,632	13,902	36,632
Computer equipment	8,714	14,962	8,714	14,962
Covid protective screens	8,952	14,583	8,952	14,583
Static water tanks	5,934	7,370	5,934	7,370
Water dispensers	-	1,599	-	1,599
Frame tents	284	-	284	-
Storage containers	46	-	46	-
	243,954	**468,088**	**243,954**	**468,088**

In addition to the above the City has approved the following relief packages to the residents as well as business that have been unable to operate since the COVID-19 lockdown:
-no interest will be charged on arrear accounts during the lockdown period.
-no credit control in the form of disconnection of services will be conducted during the lockdown period.
-special COVID-19 interest relief to customers who enter into a payment arrangement of their arrears on or before 30 June 2021. This will entail the write-off of all accrued interest on the bill of that customer. The relief is only for customers with debt of 90 days and older. The balance of the outstanding debt will be paid over a maximum period of 24 months. The relief scheme is for the period up to 30 June 2021.
-special rates relief granted to bed and breakfasts and guesthouse, to ensure their sustainability until the COVID-19 lockdown is relaxed to an Alert Level 3 determination or a lower determination.
-a 6 months rental holiday for tenants at Moses Mabhida Stadium effective from 1 April 2020 - September 2020.The rental relief package exclude any monies owed to the Stadium prior to the COVID-19 lockdown period; and is subject to settling the account within the contractual period or payment arrangement plan not exceeding 24 months.
-a rental holiday for Informal Traders and Retail Markets effective from 1 April 2020 to 30 September 2020.
-a waiver of business license payments for all types of license applications and also rescinded the decision to implement a 5% increment for the financial year 2020/2021.
-grant in aid amount of R49.8million was disbursed to Durban Theme Park to ensure that it continues to function as a going concern.
-rental reduction of 50% was granted to all distressed tenants occupying municipal properties from 27 March 2020 to 30 June 2020 or to the date the tenant resumes trading whichever comes sooner. This relief was made available to market related rentals, to tenants whose accounts were in good standing on 29 February 2020, though tenants had to undertake not to retrench staff during the relief period and the rental to which the relief applies excluded rates and taxes and other cost recoveries that the tenants are liable for in terms of the lease agreements.
- further interest free deferment of rental payable over 6 to 9 months from 1 July 2020 was also made available to the tenants occupying municipal properties subject to the same limiting conditions as were applicable on the rental reduction.

The following table highlights the value of income foregone due to Covid relief measures:

Nature of relief	**Income foregone for 2020/21**	**Income foregone for 2019/20**	**Income foregone for 2020/21**	**Income foregone for 2019/20**

Notes to the Annual Financial Statements

Figures in Rand thousand

58. Covid related expenditure (continued)

No interest charges on arrear accounts for April, May and June 2020	599,437	156,000	599,437	156,000
Writing off of interest on overdue accounts from business customers	20,600	-	20,600	-
Increase of rebate to Bed and breakfasts / Guest houses to change their tax liability to Residential rates for 6 months	3,279	677	3,279	677
50% rental rebate for 3 months for beachfront tourism businesses with commercial leases from Municipality	-	9,900	-	9,900
6 month rental holiday for informal traders licenses and permits	1,587	1,587	1,587	1,587
6 month rental holiday for retail markets rentals	1,480	1,480	1,480	1,480
6 month rental holiday for business licencing trade licenses	319	319	319	319
12 month tariff waiver of development and planning fees	27,899	-	27,899	-
	654,601	**169,963**	**654,601**	**169,963**

Durban Marine Theme Park (SOC) Limited:
The national lockdown due to the COVID-19 pandemic affected trading at DMTP due to the limitation of numbers that the entity is allowed to bring, the limitation on the sale of alcohol as well as the reduction of trading hours. There has been a slow reopening of the park with the easing of the national lockdown to level 3, however the restrictions remain in place and thus still have a negative impact on the trading. As at 30 June 2021 the country was on level 4 lockdown which started on 28 June 2021 and ended on 11 July 2021. This resulted in the closure of the sit down restaurants and the park, further restrictions on trade, including an earlier curfew and limitation on sale of alcohol. The aquarium only opened on 8 July 2021. After legal consultation and benchmarking with other malls the Board approved rental concessions of R409 216 to affected tenants on 30 August 2021.

ICC Durban (SOC) Limited:
The impact of the COVID-19 pandemic on the entity’s operations, has resulted in the imposition of legislative lockdown restrictions, which have severely impacted on the entity’s ability to host events. This has consequently resulted in an adverse impact on its revenue-generating ability.

Figures in Rand thousand

59. Taxation

Major components of the tax credit

Deferred taxation				
Originating and reversing temporary differences	(63)	(5,365)	-	-
Assessed loss utilised	19,334	14,132	-	-
	19,271	**8,767**	**-**	**-**

Reconciliation of the tax credit

Reconciliation between accounting deficit and taxable income:

Accounting deficit	(68,935)	(31,309)	-	-
Tax at the applicable tax rate of 28%	19,302	8,767	-	-
Tax effect of permanent differences adjusted on taxable income:				
Donations	(24)	-	-	-
Loss on disposal of assets	(7)	-	-	-
	19,271	**8,767**	**-**	**-**

The assessed loss utilised of R19.33million relates to Durban ICC and is based on the probability that there will be future taxable surpluses against which the unused tax losses can be utilised.

No provision has been made for the taxation of Durban Marine Theme Park SOC Limited as they have an assessed loss of R357.24million (2020: R357.24million) which is available for set-off against future taxable income. No deferred tax asset has been raised since there is no probability that there will be future taxable surpluses against which the unused tax losses can be utilised.

60. Change in estimate

Changes in estimates relate to the following:

Traffic fines	(34,742)	(35,101)	(34,742)	(35,101)
Landfill sites	-	7,471	-	7,471
	(34,742)	**(27,630)**	**(34,742)**	**(27,630)**

The change in estimate has been fully recognised against the carrying value of both the landfill provision and traffic fine debtor. There is therefore no impact in the future reporting periods. Changes in assumptions resulting in potential changes in estimates are assessed annually. Further details in respect of these changes can be found in notes 4 (receivables from non-exchange) and 22 (provisions).

Notes to the Annual Financial Statements

Figures in Rand thousand

61. Statutory receivables and payables

Fines receivable - (refer to note 4)	42,320	50,615	42,320	50,615
VAT receivable / (payable) - (refer to note 5)	(98,139)	216,996	(95,739)	218,239
Property rates receivable - (refer to note 6)	3,349,056	2,850,968	3,375,981	2,873,917
Current tax receivable - (refer to note 4)	2,082	1,003	-	-
	3,295,319	**3,119,582**	**3,322,562**	**3,142,771**

Statutory receivables have been disclosed on the Statement of Financial Position separately based on the nature of the asset or liability. There was no interest charged on outstanding traffic fine debtors. Based on the various Council resolutions adopted by the municipality, no interest was charged on outstanding debtors during the year, other than that relating to existing arrangements entered with the City such as credit authorities. Further details are disclosed in Note 53 relating to Covid-19 relief packages granted to consumers.

62. Deferred tax

Reconciliation of deferred tax asset

Balance at beginning of year	17,996	9,229	-	-
Tax loss available	19,334	14,132	-	-
Deductible temporary differences movement on Statement of Financial Position items	(63)	(5,365)	-	-
	37,267	**17,996**	**-**	**-**

NOTE 63: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2021

DESCRIPTION	%	LOAN No.	DATE REPAYABLE	BALANCE AT 30-Jun-20	RECEIVED DURING THE PERIOD	INTEREST ACCRUED DURING THE PERIOD	REDEEMED DURING THE PERIOD	BALANCE AT 30-Jun-21
				R 000's	R 000's	R 000's	R 000's	R 000's
Nedbank R900m 15 Years	8.47%	1/67	3/31/2021	101,736		0	-101,736	0
DBSA Ph 5 15 Years	8.90%	P5	9/30/2020	17,924		0	-17,924	0
DBSA Ph 6 15 Years	8.75%	P6	6/30/2022	174,218		0	-83,381	90,837
DBSA Ph 7 20 Years	8.30%	P7	6/30/2028	1,730,534		0	-160,004	1,570,529
DBSA Ph 8 15 Years	9.85%	P8	6/30/2029	1,137,844		0	-83,473	1,054,371
DBSA - IIPSA 50%	11.31%	IIPSA	12/31/2031	268,333		0	-23,333	245,000
RMB R 1b 15 Years	10.28%	1/72	6/30/2025	506,888		0	-82,533	424,355
ABSA 15 Years	10.19%	1/74	6/30/2026	579,938		0	-74,320	505,617
RMB R1B 20 Years	9.53%	1/75	6/30/2032	796,603		0	-38,420	758,183
NEDBANK R1bn 15 YEARS	10.58%	1/76	6/30/2030	817,929		223	-49,477	768,675
AFD - IIPSA 50%	11.31%	IIPSA	11/30/2031	270,828		2,277	-25,828	247,278
NEDBANK 2018 NEW LOAN	10.22%		7/31/2033	994,311		39,339	-76,074	957,577
NEDBANK 2019 NEW LOAN	9.97%		6/28/2034	970,090		766	-34,931	935,925
ABSA R500m 2021	9.67%		6/30/2031	0	500,000	132	0	500,132
DBSA R1bn 2021	10.77%		12/31/2036	0	1,000,000	295	-75	1,000,220
Total Annuity Loans				**8,367,175**	**1,500,000**	**43,033**	**-851,508**	**9,058,700**
TOTAL EXTERNAL LOANS				**8,367,175**	**1,500,000**	**43,033**	**-851,508**	**9,058,700**

Due to the Covid 19 pandemic, the Municipality did not meet two financial covenants for the ABSA 15 year loan and AFD IIPSA 50% loan, namely the Gross Consumer Debt Movement and Debt Service Coverage Ratio. The respective financial institutions have been informed accordingly. The Municipality has good professional relationships with Lenders, with meetings held to provide feedback on the financial standing of the City. As a result, Lenders have not demanded immediate payment of outstanding loan balances where covenants are not met given the reasons provided by the municipality .

NOTE 64a: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - GROUP

Details	Cost							Accumulated						
	Opening Balance	Opening Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	1,230,468	2,497	134,904	1,221	(7,931)	(8,287)	1,352,872	(959,048)	(87,207)	7,057	0	1,938	(1,037,260)	315,612
Furniture & Office Equipment	516,190	86	27,601	171	(1,276)	(316)	542,457	(380,875)	(58,311)	1,190	(3)	(136)	(438,135)	104,322
Infrastructure Community	10,958,919	411,040	230,259	87,736	(587)	3,166	11,690,533	(3,582,137)	(357,845)	223	(154,748)	(2,946)	(4,097,453)	7,593,080
Infrastructure Coastal	363,111	19,330	3,667	114,528	0	0	500,637	581,097	(6,793)	0	0	0	574,305	1,074,942
Infrastructure Electricity	8,847,186	1,333,768	259,683	179,419	0	0	10,620,057	(3,709,763)	(302,312)	0	0	0	(4,012,075)	6,607,983
Infrastructure Info & Communic	273,639	63,851	14,795	(37,868)	(266)	7,737	321,888	(143,623)	(19,936)	265	0	(1,598)	(164,892)	156,996
Infrastructure Other Assets	4,727,478	290,061	289,557	(151,652)	(92)	(3,122)	5,152,230	(1,527,603)	(129,374)	92	0	2,917	(1,653,969)	3,498,262
Infrastructure Roads	18,269,683	1,207,978	581,716	855,334	0	0	20,914,710	(6,221,084)	(650,564)	0	0	0	(6,871,649)	14,043,061
Infrastructure Sanitation	8,438,379	797,672	361,157	59,330	0	0	9,656,538	(1,746,175)	(274,249)	0	0	0	(2,020,424)	7,636,114
Infrastructure Storm Water	2,811,402	26,285	113,460	(3,752)	0	0	2,947,395	(1,287,124)	(81,439)	0	0	0	(1,368,564)	1,578,832
Infrastructure Solid Waste	502,506	(22,852)	61,868	39,614	0	0	581,137	(236,777)	(19,454)	0	(1,405)	0	(257,636)	323,500
Infrastructure Water Supply	8,011,949	931,432	270,009	15,572	0	0	9,228,962	(1,368,878)	(149,178)	0	0	0	(1,518,056)	7,710,906
Land - Electricity	133,516	677,719	24	0	0	0	811,259	0	(7,744)	0	0	0	(7,744)	803,516
Library Material	193,425	0	0	0	0	0	193,425	(168,775)	0	0	0	0	(168,775)	24,650
Machinery & Equipment	2,266,305	19,099	72,575	(5,180)	(479)	(12,327)	2,339,993	(1,731,914)	(132,647)	415	0	6,321	(1,857,825)	482,168
Living Resources	627	0	20	0	0	0	647	(592)	(23)	0	0	0	(615)	33
Transport Assets	4,191,078	0	375,303	0	0	4,877	4,571,257	(2,988,878)	(284,682)	0	0	(4,877)	(3,278,437)	1,292,820
Total	**71,735,861**	**5,757,967**	**2,796,597**	**1,154,474**	**(10,631)**	**(8,271)**	**81,425,998**	**(25,472,149)**	**(2,561,757)**	**9,241**	**(156,155)**	**1,619**	**(28,179,202)**	**53,246,796**

NOTE 64b: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - MUNICIPALITY

Details	Cost							Accumulated						
	Opening Balance	Opening Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	1,219,604	2,497	134,794	1,221	(7,930)	(8,294)	1,341,892	(950,723)	(86,586)	7,057	0	1,938	(1,028,314)	313,579
Furniture & Office Equipment	443,836	86	24,304	171	(965)	(316)	467,116	(334,137)	(51,664)	891	(3)	(136)	(385,049)	82,067
Infrastructure Community	10,385,122	411,040	224,030	87,466	0	3,166	11,110,824	(3,289,708)	(337,989)	0	(154,748)	(2,946)	(3,785,391)	7,325,433
Infrastructure Coastal	363,111	19,330	3,667	114,528	0	0	500,637	581,097	(6,793)	0	0	0	574,305	1,074,942
Infrastructure Electricity	8,847,186	1,333,768	259,683	179,419	0	0	10,620,057	(3,709,763)	(302,312)	0	0	0	(4,012,075)	6,607,983
Infrastructure Info & Communic	273,639	63,851	14,795	(37,868)	(266)	7,737	321,888	(143,623)	(19,936)	265	0	(1,598)	(164,892)	156,996
Infrastructure Other Assets	4,727,478	290,061	289,557	(151,652)	(92)	(3,122)	5,152,230	(1,527,603)	(129,374)	92	0	2,917	(1,653,969)	3,498,262
Infrastructure Roads	18,296,960	1,207,978	581,716	855,334	0	0	20,941,987	(6,248,361)	(650,564)	0	0	0	(6,898,926)	14,043,061
Infrastructure Sanitation	8,438,379	797,672	361,157	59,330	0	0	9,656,538	(1,746,175)	(274,249)	0	0	0	(2,020,424)	7,636,114
Infrastructure Storm Water	2,811,402	26,285	113,460	(3,752)	0	0	2,947,395	(1,287,124)	(81,439)	0	0	0	(1,368,564)	1,578,832
Infrastructure Solid Waste	502,506	(22,852)	61,868	39,614	0	0	581,137	(236,777)	(19,454)	0	(1,405)	0	(257,636)	323,500
Infrastructure Water Supply	8,011,949	931,432	270,009	15,572	0	0	9,228,962	(1,368,878)	(149,178)	0	0	0	(1,518,056)	7,710,906
Land - Electricity	133,516	677,719	24	0	0	0	811,259	0	(7,744)	0	0	0	(7,744)	803,516
Library Material	193,425	0	0	0	0	0	193,425	(168,775)	0	0	0	0	(168,775)	24,650
Machinery & Equipment	2,096,706	19,099	68,335	(5,180)	(474)	(12,327)	2,166,160	(1,597,167)	(128,444)	415	0	6,321	(1,718,875)	447,285
Living Resources	627	0	20	0	0	0	647	(592)	(23)	0	0	0	(615)	33
Transport Assets	4,189,838	0	375,303	0	0	4,877	4,570,017	(2,987,815)	(284,691)	0	0	(4,877)	(3,277,382)	1,292,635
Total	**70,935,283**	**5,757,967**	**2,782,723**	**1,154,204**	**(9,726)**	**(8,278)**	**80,612,173**	**(25,016,123)**	**(2,530,440)**	**8,719**	**(156,155)**	**1,619**	**(27,692,380)**	**52,919,793**

NOTE 65a: ANALYSIS OF INTANGIBLE ASSETS - GROUP

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Servitudes	60,407	0	0	0	0	0	60,407	0	0	0	0	0	0	60,407
RMS	698,640	0	0	0	0	0	698,640	(501,190)	(26,407)	0	0	0	(527,597)	171,043
Computer Software	1,082,472	62,673	20,008	(2,943)	0	8,300	1,170,511	(785,211)	(107,120)	0	0	(1,649)	(893,980)	276,531
Total	1,841,519	62,673	20,008	(2,943)	-	8,300	1,929,557	(1,286,401)	(133,527)	-	-	(1,649)	(1,421,577)	507,980

The weighted average remaining useful life of RMS is 73months (approximately 6 years)

NOTE 65b: ANALYSIS OF INTANGIBLE ASSETS - MUNICIPALITY

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Servitudes	60,407	0	0	0	0	0	60,407	0	0	0	0	0	0	60,407
RMS	698,640	0	0	0	0	0	698,640	(501,190)	(26,407)	0	0	0	(527,597)	171,043
Computer Software	1,075,680	62,673	19,880	(2,943)	0	8,307	1,163,598	(779,406)	(106,936)	0	0	(1,649)	(887,991)	275,607
Total	1,834,726	62,673	19,880	(2,943)	-	8,307	1,922,644	(1,280,596)	#######	-	-	(1,649)	(1,415,588)	507,056

The weighted average remaining useful life of RMS is 73months (approximately 6 years)

NOTE 66: DISCLOSURES IN TERMS OF PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
X4368	TRC-Water	ALVERSTONE TRUNK - FRASER RESERVOIR	Water Supply Infrastructure	Taking significantly longer to complete	Delays due to land expropriation that needed to be finalised and re-advertisement of tender	34,931
X6513	TRC-Water	MERCURY CRESCENT / OLD RICHMOND ROAD	Water Supply Infrastructure	Halted	Delays due to community protests/unreast	30
X6518	TRC-Water	MERCURY CRESCENT , PINETOWN	Water Supply Infrastructure	Halted	Delays due to community protests/unreast	178
X5025	TRC-Water	KWASONDELA WATER PROJECT	Water Supply Infrastructure	Halted	Delays due to community protests/unreast	993
X5200	TRC-Water	MNAMATHA W&S (WATER)	Water Supply Infrastructure	Halted	Delays due to community protests/unreast	60
X6589	TRC-Water	FRASERS GREYLAND RESERVOI	Water Supply Infrastructure	Halted	Project not going ahead. Costs relate to consultant fees.	622
X7224	TRC-Water	UPGRADING OF MIDNITE CAFÉ	Water Supply Infrastructure	Halted	Project not going ahead. Costs relate to consultant fees.	3,559
X8019	TRC-Water	REPLACEMENT WATER TELEMET	Machinery and equipment	Halted	Project on hold due to budget repriotisation.	7,213
WAIS01	TRC-Cleans. & Solid Waste	Isipingo Depot	Other Assets	Halted	Survey in preparation for tarring pavements at the Isipingo Depot	134
WPD02	TRC-Cleans. & Solid Waste	Phoenix Depot Refurbishment	Other Assets	Halted	Project on hold due to budget reprioritisation.	105
WBI01	TRC-Cleans. & Solid Waste	Conversion - Bisasar Offices	Other Assets	Halted	Project on hold due to budget reprioritisation.	500
H3079	HSI-Formal Housing	Donnelly Road	Other Assets	Taking significantly longer to complete	Project on hold due to budget reprioritisation.	2,046
H3091	HSI-Formal Housing	Bayview (CRU)	Other Assets	Taking significantly longer to complete	Delays in the identification and approval of appropriate site for the project	2,920
S3061	EDP-Business Support	CORNUBIA RETAIL FACILITY	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	1,098

NOTE 66: DISCLOSURES IN TERMS OF PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED (continued)

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
S3070	EDP-Business Support	DALTON HOSTEL	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	11,712
S3072	EDP-Business Support	Klaarwater	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	3,766
S3102	EDP-Business Support	Kwamashu Hostel Bus Hive	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	8,525
S3084	EDP-Business Support	BUSINESS HIVE ANTON LEMBEDE ST	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	18,591
S3068AZ1	EDP-Business Support	Kwamashu Hostel Bus Hive	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	6,507
S3049	EDP-Business Support	KWAMAKHUTHA BUSINESS HIVE	Community Assets	Halted	The contracts ended and the unit approached BAC to have the same contractors continue. Budget provisions were made but BAC has not approved the deviation. The unit now has to reconsider how to proceed with these projects	2,502
S3055	EDP-Business Support	CSA2436: ADDS & ALTS TO BOVINE	Community Assets	Halted	Project on hold due to budget reprioritisation.	2,183
MV010	TRC-Electricity	MV/LV Distribution Automation	Electrical Infr.	Taking significantly longer to complete	Delays in procurement of equipment and failure of remote control servicer	8,732

NOTE 66: DISCLOSURES IN TERMS OF PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED (continued)

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
MV036	TRC-Electricity	OUTAGE MANAGEMENT SYSTEM	Electrical Infr.	Taking significantly longer to complete	Delays due to advice sought from Legal and SCM department in terms of continuation of project	1,373
CN021	TRC-Electricity	Distribution Automation	Electrical Infr.	Taking significantly longer to complete	Delays in procurement of equipment	7,382
HV060TR	TRC-Electricity	Addington 132/11kv Substa	Electrical Infr.	Taking significantly longer to complete	Delayed by secondary cable installation awaiting commissioning	-
HV045	TRC-Electricity	La Mercy Substation	Electrical Infr.	Taking significantly longer to complete	Delayed by secondary cable installation and currently awaiting installation of cameras due to theft of copper	1,127
HV016	TRC-Electricity	KE Masinga Substation	Electrical Infr.	Taking significantly longer to complete	Awaiting contract award	29,119
HV057TR	TRC-Electricity	Ntuzuma substation	Electrical Infr.	Taking significantly longer to complete	Delayed due to delays in awarding ICAP contract	-
HV100	TRC-Electricity	Umdloti Beach Transformer	Electrical Infr.	Taking significantly longer to complete	Due to theft of copper needing to be replaced	6,222
HV015	TRC-Electricity	Jameson Park Substation	Electrical Infr.	Taking significantly longer to complete	Due to reappointment of transformer consultant	35,679
HV093	TRC-Electricity	SPRINGPARK 132/11 kV SUBSTATION	Electrical Infr.	Taking significantly longer to complete	Delayed due to delays in awarding ICAP contract	34,820
HV018TR	TRC-Electricity	KLAARWATER S/STN TRANSFORMER	Electrical Infr.	Taking significantly longer to complete	Delayed due to delays in awarding ICAP contract	23,078
HV037	TRC-Electricity	Underwood Substation	Electrical Infr.	Taking significantly longer to complete	Delayed due to secondary cable installation due to non award of contract and theft of CT's and copper	119,213
HV004	TRC-Electricity	BULWER SUBSTATION	Electrical Infr.	Taking significantly longer to complete	Contract currently being prepared for BSC, as switchgear was cancelled	89,713
HV025	TRC-Electricity	Ottawa Substation	Electrical Infr.	Taking significantly longer to complete	Delayed due to switchgear bidder underwent business rescue and transformers consultant delay	527
CS011	TRC-Electricity	Mobile communication metering	Electrical Infr.	Taking significantly longer to complete	Delayed due to Covid-19 restrictions and intergration with other systems was down or not ready	13,932
HV099TR	TRC-Electricity	Clermont substation	Electrical Infr.	Taking significantly longer to complete	Due to theft of copper needing to be replaced	7,259
Y6476	TRC-Sanitation Unit	UPGRADE UMBILO WWTW	Sanitation Infr.	Halted	Shortage of skills and resources in wastewater treatment. No budget over the next 3 years	4,592

NOTE 66: DISCLOSURES IN TERMS OF PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED (continued)

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
Y8722	TRC-Sanitation Unit	UMDLOTI WWTW BLD ALTER	Sanitation Infr.	Halted	Funding issues regarding the implementation of the project	82
Y8139	TRC-Sanitation	RIET RIVER SEWER RETICULATION-WARD 62	Sanitation Infr.	Taking Significantly longer to complete , project was also halted on the 8th July 2021.	Contractor's work progress is slow, termination process of the contract is being considered. The project was halted on the 8th July 2021 by a local contractor demanding work, the matter is under investigation, investigation is being delayed as a result of the contractor failing to provide documentation for the appointed local subcontractor. The completion date of the project was the 15th February 2021.	1,916
S1099	EDP-Economic Dev & Facilitation	Station Drive Precinct Upgrade	Road Infrastructure	Halted	Contractor abandoned project and the contract was subsequently terminated.	397
S1099Z2	EDP-Economic Dev & Facilitation	Station Drive Precinct Upgrade	Road Infrastructure	Halted	Contractor abandoned project after been given clearance letter and the contract was subsequently terminated.	16
S1058	EDP-Economic Dev & Facilitation	Umlazi Glebelands NMT	Road Infrastructure	Halted	There has been constant non-performance from the contractor and was issued a notification of concern	4,915
N1654	CES-Parks, Recr, Cem & Cul	CSA2768:FREDVILLE INCHANG	Community Assets	Halted	Contractor cited financial issues. Initial contract termination is underway	5,364
N1134	CES-Parks, Recr, Cem & Cul	Inanda Swimming Pool	Community Assets	Halted	Contractor cited financial issues. Initial contract was terminated	391
N1991	CES-Parks, Recr, Cem & Cul	Umdloti Lifeguard Tower	Community Assets	Halted	Project on hold due to budget reprioritisation.	171
N2212	CES-Parks, Recr, Cem & Cul	Vulamehlo	Community Assets	Halted	Project on hold due to budget reprioritisation.	2,255
N1722A	CES-Parks, Recr, Cem & Cul	Mxenge Museum	Community Assets	Halted	Project on hold due to budget reprioritisation.	66
N1935A	CES-Parks, Recr, Cem & Cul	Mpumalanga Heritage Centr	Community Assets	Halted	Project on hold due to land issues and budget reprioritisation.	323
N1935B	CES-Parks, Recr, Cem & Cul	Mpumalanga Heritage Centr	Community Assets	Halted	Project on hold due to land issues and budget reprioritisation.	35
N1557Z1	CES-Parks, Recr, Cem & Cul	Randles Road Nursery	Community Assets	Halted	Work in stage 1 complete, Project on hold	19
N2200	CES-Parks, Recr, Cem & Cul	Umnini Sportsfield	Community Assets	Halted	Costing and packaging complete. Project is on halted	205
Total						**507,098**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
ASSETS						
Current Assets						
Inventories	77	438,061	134,381	572,519	41,827	614,346
Investments	-	84,562	39,808	124,370	4,510,192	4,634,562
Receivables From exchange transactions	28,944	204,490	2,410,976	2,644,410	43,283	2,687,693
Receivables from non exchange transactions	-	2,082	42,319	44,401	112,984	157,385
Consumer Debtors	-	3,757,038	7,630	3,764,668	3,375,981	7,140,649
Current portion of long term receivables	-	1,627	63,508	65,135	-	65,135
Cash and bank balances	(6,330,259)	(14,696,160)	(63,425,711)	(84,452,130)	85,097,106	644,976
Call investment deposits	-	24,145	-	24,145	150,000	174,145
Total Current Assets	**(6,301,238)**	**(10,184,155)**	**(60,727,089)**	**(77,212,482)**	**93,331,373**	**16,118,891**
Non Current Assets						
Investment Property	11,485	52,930	11,106	75,521	202,775	278,296
Property, plant and equipment	2,663,521	24,179,118	24,328,675	51,171,314	2,075,482	53,246,796
Intangible assets	300	95,957	55,034	151,291	356,689	507,980
Heritage assets	7,069	-	20,816	27,885	7	27,892
Investment in Municipal entities	-	-	-	-	-	-
Interest in Joint ventures	67,341	-	-	67,341	-	67,341
Deferred tax	-	37,267	-	37,267	-	37,267
Deferred income	-	77	-	77	-	77
Long-term receivables	-	15,329	44,631	59,960	72	60,032
Total Non Current Assets	**2,749,716**	**24,380,678**	**24,460,262**	**51,590,656**	**2,635,025**	**54,225,681**
Total Assets	**(3,551,522)**	**14,196,523**	**(36,266,827)**	**(25,621,826)**	**95,966,398**	**70,344,572**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
LIABILITIES						
Current Liabilities						
External Borrowings	-	(484,655)	-	(484,655)	(366,050)	(850,705)
Payables from exchange transactions	(199,380)	(2,984,368)	(2,400,712)	(5,584,460)	(2,410,920)	(7,995,380)
Payables from non-exchange transactions	(46,816)	-	-	(46,816)	(455)	(47,271)
Consumer deposits	(1,160)	(2,556,242)	(806)	(2,558,208)	(794)	(2,559,002)
Employee benefit obligation	-	-	-	-	(919,611)	(919,611)
Unspent conditional grants and receipts	(59,061)	(89,414)	(1,188,478)	(1,336,953)	(10,450)	(1,347,403)
Other Current Financial Liabilities				-		-
Provisions	-	(6,507)	-	(6,507)	(1,200,392)	(1,206,899)
Vat payable	21,858	(435,077)	280,572	(132,647)	34,508	(98,139)
Bank overdraft	-	-	-	-	-	-
Total Current Liabilities	**(284,559)**	**(6,556,263)**	**(3,309,424)**	**(10,150,246)**	**(4,874,164)**	**(15,024,410)**
Non - Current Liabilities						
External Borrowings	-	(4,829,630)	-	(4,829,630)	(3,378,365)	(8,207,995)
Employee benefit obligation	-	-	-	-	(3,445,968)	(3,445,968)
Provisions	-	(359,613)	-	(359,613)	(1,199,253)	(1,558,866)
Total Non Current Liabilities	**-**	**(5,189,243)**	**-**	**(5,189,243)**	**(8,023,586)**	**(13,212,829)**
Total Liabilities	**(284,559)**	**(11,745,506)**	**(3,309,424)**	**(15,339,489)**	**(12,897,750)**	**(28,237,239)**
Net Assets						
Housing Development Fund	-	-	(57,470)	(57,470)	-	(57,470)
Accumulated Surplus	2,669,569	(1,325,313)	39,665,933	41,010,189	(83,060,052)	(42,049,863)
Total Net Assets	**2,669,569**	**(1,325,313)**	**39,608,463**	**40,952,719**	**(83,060,052)**	**(42,107,333)**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Position in accordance with the requirements of GRAP 18.

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
ASSETS						
Current Assets						
Inventories	77	433,324	134,381	567,782	41,827	609,609
Investments	-	-	39,808	39,808	4,510,192	4,550,000
Receivables From exchange transactions	28,944	191,398	2,410,976	2,631,318	43,715	2,675,033
Receivables from non exchange transactions	-	-	42,319	42,319	112,984	155,303
Consumer Debtors	-	3,827,107	7,630	3,834,737	3,375,981	7,210,718
Current portion of long term receivables	-	1,627	63,508	65,135	-	65,135
Cash and bank balances	(6,330,259)	(14,714,592)	(63,425,711)	(84,470,562)	85,097,106	626,544
Call investment deposits	-	-	-	-	150,000	150,000
Total Current Assets	**(6,301,238)**	**(10,261,136)**	**(60,727,089)**	**(77,289,463)**	**93,331,805**	**16,042,342**
Non Current Assets						
Investment Property	11,485	-	11,106	22,591	202,775	225,366
Property, plant and equipment	2,663,521	23,852,115	24,328,675	50,844,311	2,075,482	52,919,793
Intangible assets	300	95,033	55,034	150,367	356,689	507,056
Heritage assets	7,069	-	20,816	27,885	7	27,892
Investment in Municipal entities	695,808	-	-	695,808	-	695,808
Interest in Joint ventures	67,341	-	-	67,341	-	67,341
Long-term receivables	-	15,329	44,631	59,960	72	60,032
Total Non Current Assets	**3,445,524**	**23,962,477**	**24,460,262**	**51,868,263**	**2,635,025**	**54,503,288**
Total Assets	**(2,855,714)**	**13,701,341**	**(36,266,827)**	**(25,421,200)**	**95,966,830**	**70,545,630**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
LIABILITIES						
Current Liabilities						
External Borrowings	-	(484,655)	-	(484,655)	(366,050)	(850,705)
Payables from exchange transactions	(199,380)	(2,960,483)	(2,432,923)	(5,592,786)	(2,420,315)	(8,013,101)
Payables from non-exchange transactions	(69,891)	-	-	(69,891)	(455)	(70,346)
Consumer deposits	(1,160)	(2,545,201)	(806)	(2,547,167)	(794)	(2,547,961)
Employee benefit obligation	-	-	-	-	(919,611)	(919,611)
Unspent conditional grants and receipts	(59,061)	(89,414)	(1,188,478)	(1,336,953)	(10,450)	(1,347,403)
Other Current Financial Liabilities				-		-
Provisions	-	-	-	-	(1,200,392)	(1,200,392)
Vat payable	21,858	(432,677)	280,572	(130,247)	34,508	(95,739)
Bank overdraft	-	-	-	-	-	-
Total Current Liabilities	**(307,634)**	**(6,512,430)**	**(3,341,635)**	**(10,161,699)**	**(4,883,559)**	**(15,045,258)**
Non - Current Liabilities						-
External Borrowings	-	(4,829,630)	-	(4,829,630)	(3,378,365)	(8,207,995)
Employee benefit obligation	-	-	-	-	(3,445,968)	(3,445,968)
Provisions	-	(358,905)	-	(358,905)	(1,199,253)	(1,558,158)
Total Non Current Liabilities	**-**	**(5,188,535)**	**-**	**(5,188,535)**	**(8,023,586)**	**(13,212,121)**
Total Liabilities	**(307,634)**	**(11,700,965)**	**(3,341,635)**	**(15,350,234)**	**(12,907,145)**	**(28,257,379)**
Net Assets						
Housing Development Fund	-	-	(57,470)	(57,470)	-	(57,470)
Accumulated Surplus	3,163,348	(2,000,376)	39,665,932	40,828,904	(83,059,685)	(42,230,781)
Total Net Assets	**3,163,348**	**(2,000,376)**	**39,608,462**	**40,771,434**	**(83,059,685)**	**(42,288,251)**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Position in accordance with the requirements of GRAP 18.

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Grand total R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	20,993,425	0	20,993,425	0	20,993,425
Housing development construction contract revenue	0	0	392,653	392,653	0	392,653
Rental of facilites and equipment	45,009	45,529	249,311	339,849	367,675	707,524
Other Income	98,174	98,822	43,387	240,383	50,042	290,425
Interest received	-12	9,359	3,471	12,818	225,474	238,292
Share of Income from Joint Ventures	0	0	0	0	12,383	12,383
Total Revenue from Exchange Transactions	**143,171**	**21,147,135**	**688,822**	**21,979,128**	**655,574**	**22,634,702**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines	59	0	189,847	189,906	0	189,906
Property rates	0	0	0	0	9,231,285	9,231,285
Property rates - penalties imposed	0	0	0	0	743	743
Licences and permits	2,275	0	48,138	50,413	11	50,424
Transfer Revenue						
Government grants & subsidies	156,717	2,812,378	1,899,398	4,868,493	2,052,158	6,920,651
Levies	0	0	0	0	2,854,469	2,854,469
Public contributions and donations	0	4,192	0	4,192	0	4,192
Donations - Property, plant and equipment	0	0	853	853	0	853
Total revenue from non-exchange transactions	**159,051**	**2,816,570**	**2,138,236**	**5,113,857**	**14,138,666**	**19,252,523**
Total Revenue excluding Recoveries	**302,222**	**23,963,705**	**2,827,058**	**27,092,985**	**14,794,240**	**41,887,225**
Recoveries	**(56)**	**3,833,998**	**157,345**	**3,991,287**	**3,797,380**	**7,788,667**
Total Revenue	**302,166**	**27,797,703**	**2,984,403**	**31,084,272**	**18,591,620**	**49,675,892**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Grand total R'000
EXPENDITURE						
Employee related Costs	(438,728)	(3,807,105)	(5,095,774)	(9,341,607)	(3,289,534)	(12,631,141)
Remuneration of councillors	0	0	0	0	(128,509)	(128,509)
Amortisation - Intangible assets	(90)	(30,022)	(21,591)	(51,703)	(81,824)	(133,527)
Impairment Loss - Investment properties	0	0	0	0	(132)	(132)
Depreciation - Property, plant and equipment	(99,903)	(1,060,989)	(1,062,967)	(2,223,859)	(337,898)	(2,561,757)
Impairment Loss - Property, plant and equipment	0	(1,405)	(2)	(1,407)	(154,748)	(156,155)
Finance costs	3	(513,756)	(17,333)	(531,086)	(293,136)	(824,222)
Lease rentals on operating leases	(13,179)	(14,778)	(59,930)	(87,887)	(44,790)	(132,677)
Debt impairment	(3,367)	(2,249,482)	(17,668)	(2,270,517)	113,703	(2,156,814)
Depreciation - Investment Properties	(201)	(1,894)	(97)	(2,192)	(252)	(2,444)
Bulk purchases	0	(14,168,788)	0	(14,168,788)	0	(14,168,788)
Contracted services	(181,470)	(1,910,005)	(1,455,024)	(3,546,499)	(870,610)	(4,417,109)
Grants and subsidies	(94,306)	0	(306,315)	(400,621)	(144,592)	(545,213)
Housing development construction contract expenditure	0	0	(392,653)	(392,653)	0	(392,653)
Loss on disposal of assets	(80)	(379)	151	(308)	(1,035)	(1,343)
General expenses	(138,846)	(1,343,013)	(755,357)	(2,237,216)	(885,562)	(3,122,778)
Total Expenditure excluding Charges	**(970,167)**	**(25,101,616)**	**(9,184,560)**	**(35,256,343)**	**(6,118,919)**	**(41,375,262)**
Charges	**(139,715)**	**(4,501,183)**	**(2,419,013)**	**(7,059,911)**	**(728,756)**	**(7,788,667)**
Total Expenditure	**(1,109,882)**	**(29,602,799)**	**(11,603,573)**	**(42,316,254)**	**(6,847,675)**	**(49,163,929)**
Surplus before taxation	**(807,716)**	**(1,805,096)**	**(8,619,170)**	**(11,231,982)**	**11,743,945**	**511,963**
Taxation	**19,271**	**0**	**0**	**19,271**	**0**	**19,271**
Surplus for the year from continuing operations	**(788,445)**	**(1,805,096)**	**(8,619,170)**	**(11,212,711)**	**11,743,945**	**531,234**
Changes in estimates	**0**	**0**	**(34,742)**	**(34,742)**	**0**	**(34,742)**
Surplus for the year	**(788,445)**	**(1,805,096)**	**(8,653,912)**	**(11,247,453)**	**11,743,945**	**496,492**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Performance in accordance with the requirements of GRAP 18. As disclosed on the accounting policy on segment reporting, departmental charges are eliminated on the municipality's Statement of Financial Performance.

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	21,035,842	0	21,035,842	0	21,035,842
Housing development construction contract revenue	0	0	392,653	392,653	0	392,653
Rental of facilites and equipment	45,009	17,151	249,311	311,471	399,775	711,246
Other Income	98,174	46,421	42,974	187,569	50,559	238,128
Interest received	-12	1,489	3,471	4,948	224,194	229,142
Share of Income from Joint Ventures	0	0	0	0	12,383	12,383
Total Revenue from Exchange Transactions	**143,171**	**21,100,903**	**688,409**	**21,932,483**	**686,911**	**22,619,394**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines	59	0	189,847	189,906	0	189,906
Property rates	0	0	0	0	9,239,422	9,239,422
Property rates - penalties imposed	0	0	0	0	743	743
Licences and permits	2,275	0	48,138	50,413	11	50,424
Transfer Revenue						
Government grants & subsidies	156,717	2,812,378	1,899,398	4,868,493	2,052,158	6,920,651
Levies	0	0	0	0	2,854,469	2,854,469
Public contributions and donations	0	3,526	0	3,526	0	3,526
Donations - Property, plant and equipment	0	0	853	853	0	853
Total revenue from non-exchange transactions	**159,051**	**2,815,904**	**2,138,236**	**5,113,191**	**14,146,803**	**19,259,994**
Total Revenue excluding Recoveries	**302,222**	**23,916,807**	**2,826,645**	**27,045,674**	**14,833,714**	**41,879,388**
Recoveries	**(56)**	**3,833,998**	**157,345**	**3,991,287**	**3,797,380**	**7,788,667**
Total Revenue	**302,166**	**27,750,805**	**2,983,990**	**31,036,961**	**18,631,094**	**49,668,055**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
EXPENDITURE						
Employee related Costs	(438,728)	(3,683,521)	(5,095,774)	(9,218,023)	(3,289,533)	(12,507,556)
Remuneration of councillors	0	0	0	0	(128,509)	(128,509)
Amortisation - Intangible assets	(90)	(29,837)	(21,591)	(51,518)	(81,824)	(133,342)
Impairment Loss - Investment properties	0	0	0	0	(132)	(132)
Depreciation - Property, plant and equipment	(99,903)	(1,029,672)	(1,062,967)	(2,192,542)	(337,898)	(2,530,440)
Impairment Loss - Property, plant and equipment	0	(1,405)	(2)	(1,407)	(154,748)	(156,155)
Finance costs	3	(513,756)	(17,333)	(531,086)	(293,136)	(824,222)
Lease rentals on operating leases	(13,179)	(14,359)	(59,930)	(87,468)	(44,790)	(132,258)
Debt impairment	(3,367)	(2,244,990)	(17,668)	(2,266,025)	113,703	(2,152,322)
Depreciation - Investment Properties	(201)	0	(97)	(298)	(252)	(550)
Bulk purchases	0	(14,168,788)	0	(14,168,788)	0	(14,168,788)
Contracted services	(181,470)	(1,900,432)	(1,455,024)	(3,536,926)	(870,610)	(4,407,536)
Grants and subsidies	(238,162)	0	(306,315)	(544,477)	(176,692)	(721,169)
Housing development construction contract expenditure	0	0	(392,653)	(392,653)	0	(392,653)
Loss on disposal of assets	(80)	(7)	151	64	(1,035)	(971)
Impairment loss - Investment in Municipal Entities	0	0	0	0	(75,847)	(75,847)
General expenses	(138,846)	(1,211,946)	(745,711)	(2,096,503)	(907,954)	(3,004,457)
Total Expenditure excluding Charges	**(1,114,023)**	**(24,798,713)**	**(9,174,914)**	**(35,087,650)**	**(6,249,257)**	**(41,336,907)**
Charges	**(139,715)**	**(4,501,183)**	**(2,419,013)**	**(7,059,911)**	**(728,756)**	**(7,788,667)**
Total Expenditure	**(1,253,738)**	**(29,299,896)**	**(11,593,927)**	**(42,147,561)**	**(6,978,013)**	**(49,125,574)**
Surplus for the year from continuing operations	(951,572)	(1,549,091)	(8,609,937)	(11,110,600)	11,653,081	542,481
Changes in estimates	0	0	(34,742)	(34,742)	0	(34,742)
Surplus for the year	**(951,572)**	**(1,549,091)**	**(8,644,679)**	**(11,145,342)**	**11,653,081**	**507,739**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Performance in accordance with the requirements of GRAP 18. As disclosed on the accounting policy on segment reporting, departmental charges are eliminated on the municipality's Statement of Financial Performance.

Note 68: Awards to close family members of person in service of Municipality

The details of total awards **(7)** to close family members amounting to R2,658million that transacted with the Municipality are as follows:

NO	SUPPLIER	SPOUSE NAME	EMPLOYEE	R'000
1	KING SHAKA CONSTRUCTION (PTY)	VISHIKA	DHANASHEN MALEK	780
2	CORAL BLUE TRADING 103	HENRY	SYLVIA THANDI SISHI	89
3	MANSINGH CORPORATION PTY LTD	JEETU	ARVASHNEE ASRAI	797
4	NEWPOINT CONSULTING	TRISHNA	LASHEN MISRA	2
5	AMANZIMASE MULTI-PURPOSE CO-OP	HENRY	SYLVIA THANDI SISHI	795
6	IMPILOYAMAMBO (PTY) LTD	VUSUMUZI ALFRED	VUYISWA VERAH MKHIZE	56
7	LERE LOGISTICS AND RESEARCH	BUYISWA	CYPRIAN MAHLOMOLA LENGOLO	139
			TOTAL	**2,658**

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - GROUP

	COST							Accumulated Depreciation						
	Restated Opening Balance	Restated Opening	Additions	Under Constructio n	Disposal s	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairment s	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 1 - Office of the City Manager	**959,332**	**10,548**	**42,916**	**3,840**	**(3,443)**	**(5,876)**	**1,007,317**	**(698,884)**	**(94,896)**	**3,153**	**0**	**3,795**	**(786,832)**	**220,485**
OCM-City Manager's Office	515	0	0	0	0	0	515	(303)	(8)	0	0	0	(311)	204
OCM-Internal Audit & Risk Mgmt	7,686	0	34	0	0	(15)	7,705	(4,922)	(587)	0	0	15	(5,494)	2,212
OCM-Information Management	946,545	10,548	42,687	3,840	(3,361)	(5,836)	994,424	(691,073)	(93,783)	3,083	0	3,754	(778,020)	216,404
OCM-City Integrity & Investiga	4,586	0	194	0	(83)	(25)	4,673	(2,586)	(518)	70	0	27	(3,007)	1,666
Vote 2 - City Manager's Operations	**195,386**	**890**	**5,360**	**(847)**	**(23)**	**320**	**201,086**	**(98,084)**	**(8,006)**	**23**	**0**	**(198)**	**(106,264)**	**94,822**
CMO-Metropolitan Police	115,425	890	3,413	(847)	(23)	664	119,521	(58,414)	(4,613)	23	0	(557)	(63,560)	55,961
CMO-Legal Services	10,723	0	486	0	0	(280)	10,928	(4,342)	(409)	0	0	270	(4,480)	6,448
CMO-Area Based Management	64,853	0	956	0	0	31	65,839	(33,178)	(2,537)	0	0	(5)	(35,721)	30,118
CMO-Performance Monitor & Eval	4,385	0	234	0	0	(94)	4,525	(2,151)	(443)	0	0	94	(2,499)	2,026
CMO-Chief Operarions Office	0		272	0	0	0	272	0	(4)	0		0	(4)	268
Vote 3 - Finance	**3,891,043**	**642,061**	**438,128**	**(144,064)**	**(2,153)**	**5,006**	**4,830,021**	**(2,407,478)**	**(209,406)**	**2,020**	**(154,748)**	**(4,700)**	**(2,774,312)**	**2,055,709**
FIN-Deputy City Manager	1,085	0		0	(5)	5	1,084	(604)	(91)	5	0	(1)	(691)	393
FIN-Expenditure	24,320	0	1,319	0	(248)	(673)	24,718	(15,988)	(1,651)	245	0	83	(17,312)	7,407
FIN-Income	190,512	504,757	2,936	467	(1,021)	(324)	697,326	(160,676)	(4,377)	976	0	302	(163,776)	533,551
FIN-Finance & Major Projects	1,140	0	42	0	(57)	11	1,137	(791)	(99)	55	0	(2)	(837)	299
FIN-Internal Control & Bus Sys	224,552	4,845	12,214	(3,384)	(197)	35	238,065	(99,103)	(8,144)	180	0	82	(106,985)	131,080
FIN-Real Estate	909,577	0	234	(1)	(210)	5,804	915,404	(387,812)	(16,172)	202	(154,748)	(5,045)	(563,575)	351,829
FIN-City Fleet	1,515,705	141,353	288,489	(141,055)	(46)	94	1,804,541	(1,015,480)	(122,666)	5	0	(94)	(1,138,235)	666,306
FIN-Durban Energy Office	3	(8,966)		(17)	0	0	(8,981)	1,884	0	0	0	0	1,884	(7,097)
FIN-Bus Operations	979,825	(0)	132,380	0	0	0	1,112,205	(694,468)	(53,313)	0	0	0	(747,782)	364,423
FIN-Miscellaneous	28,454	0	0	0	0	0	28,454	(24,721)	(509)	0	0	0	(25,230)	3,224
FIN-Supply Chain Management	15,871	72	512	(72)	(369)	54	16,068	(9,718)	(2,384)	352	0	(25)	(11,775)	4,293
Vote 4 - Office of the Strategic Management	**5,417**	**3**	**155**	**0**	**(9)**	**(343)**	**5,223**	**(3,454)**	**(262)**	**9**	**0**	**360**	**(3,347)**	**1,875**
OSM-City Research & Policy Adv	4,791	0	118	0	(9)	(225)	4,675	(3,025)	(192)	9	0	354	(2,854)	1,821
OSM-Chief Strategy Officer	626	0	37	0	0	(118)	545	(429)	(70)	0	0	6	(493)	51
OSM-Sustainable City Initiativ	0	3	0	0	0	0	3	0	0	0	0	0	0	3
Vote 5 - Governance	**433,991**	**12,216**	**47,523**	**240**	**(344)**	**645**	**494,271**	**(199,664)**	**(24,216)**	**278**	**0**	**(545)**	**(224,147)**	**270,124**
GOV-Deputy City Manager	0	0	0	0	0	0	0	16	0	0	0	0	16	16
GOV-City Hall Admin & Secretar	262,582	4,777	2,355	1,437	(40)	(10)	271,100	(122,869)	(13,289)	21	0	10	(136,127)	134,973
GOV-Communications	5,867	0	1,588	0	0	73	7,528	(3,649)	(887)	0	0	(77)	(4,613)	2,915
GOV-Sizakala Centres	144,779	1,197	42,703	(1,197)	(82)	333	187,732	(61,464)	(7,682)	76	0	(276)	(69,347)	118,385
GOV-Comm Partic & Action Supp	17,587	6,343	348	0	(183)	57	24,152	(9,982)	(1,880)	172	0	(39)	(11,729)	12,423
GOV-Intl & Governance Relation	977	(101)	241	0	(38)	33	1,111	(720)	(83)	0	0	(33)	(835)	277
GOV-Mayoral Parlour	2,199	0	289	0		160	2,648	(996)	(396)	10	0	(131)	(1,512)	1,135

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - GROUP

	COST							Accumulated Depreciation						
	Restated Opening Balance cost	Restated Opening	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 6 - Corporate and Human Resources	**57,799**	**2,264**	**7,198**	**(1,615)**	**(556)**	**2,055**	**67,144**	**(31,513)**	**(6,668)**	**524**	**0**	**(1,657)**	**(39,313)**	**27,831**
CHR-Deputy City Manager	864	0	22	0		0	886	(589)	(74)	0	0	0	(663)	223
CHR-Human Resources	42,855	2,269	4,907	(1,747)	(452)	982	48,813	(23,106)	(4,805)	425	0	(721)	(28,206)	20,607
CHR-Occupation Health & Safety	5,855	(132)	651	131		(37)	6,468	(2,843)	(723)	0	0	58	(3,507)	2,961
CHR-Mgmt Services & Org. Devel	2,799	127	192	0	(104)	262	3,276	(1,579)	(403)	99	0	(184)	(2,067)	1,209
CHR-Skills Development	5,426	0	1,426	0	0	848	7,701	(3,396)	(663)	0	0	(810)	(4,870)	2,831
Vote 7 - Economic Development & Planning	**2,674,838**	**506,134**	**65,154**	**244,180**	**(987)**	**(14,530)**	**3,474,788**	**(715,322)**	**(99,933)**	**910**	**0**	**6,686**	**(807,659)**	**2,667,129**
EDP-Deputy City Manager	6,306	(3)	15	0	0	(37)	6,281	22	(56)	0	0	25	(9)	6,272
EDP-Economic Dev & Facilitatio	(348,854)	354,363	43,981	91,440	0	(698)	140,231	(250,535)	(37,449)	0	0	697	(287,287)	(147,056)
EDP-City Enterprises	1,439,991	0		0	0	(4,937)	1,435,054	(4,938)	0	0	0	4,937	(1)	1,435,053
EDP-Business Support	(63,785)	68,719	1,746	9,960	0	1,155	17,796	(82,467)	(6,797)	0	0	(1,060)	(90,325)	(72,529)
EDP-Retail Markets	275,043	1,633	13	202	0	0	276,890	(41,199)	(1,609)	0	0	0	(42,808)	234,082
EDP-Markets	76,358	821	476	284	0	0	77,939	(57,884)	(4,614)	0	0	0	(62,498)	15,441
EDP-Airport	147,818	0	396	0	0	0	148,213	(1,732)	(383)	0	0	0	(2,115)	146,099
EDP-Develop Planning & Mgmt	2,372	12,222	13,553	(2,461)	(987)	202	24,901	(37,157)	(8,377)	910	0	(176)	(44,800)	(19,899)
EDP-Urban Renewal	138,297	68,310	4,605	(209)	0	(10,175)	200,828	(234,563)	(38,812)	0	0	2,244	(271,132)	(70,304)
EDP-Tourism	965,192	68	305	(68)	0	(40)	965,457	(4,475)	(1,772)	0	0	18	(6,229)	959,228
EDP-Invest Durban	35,543	0	65	0	0	0	35,608	(392)	(63)	0	0	0	(455)	35,152
EDP- Catalytic Projects	558	0	0	145,032	0	0	145,590	0	0	0		0	0	145,590
Vote 8 - Community and Emergency Services	**7,394,558**	**327,207**	**223,723**	**27,928**	**(1,416)**	**3,443**	**7,975,443**	**(2,908,286)**	**(256,811)**	**1,048**	**(3)**	**(1,777)**	**(3,165,828)**	**4,809,615**
CES-Deputy City Manager	11,124	0	5	0	(5)	(2)	11,123	(8,649)	(212)	5	0	13	(8,843)	2,280
CES-Emergency Services	486,768	(6,904)	256	90	0	0	480,211	(205,578)	(17,127)	0	0	0	(222,706)	257,505
CES-Disaster Mgmt & Emerg Cont	271,844	19,321	14,388	(7,258)	0	(239)	298,056	(192,194)	(21,726)	0	0	(31)	(213,951)	84,106
CES-Security Management	25,816	0	588	0	0	0	26,405	(5,305)	(1,126)	0	0	0	(6,431)	19,974
CES-Safer Cities	5,591	0	99	0	0	0	5,690	(1,993)	(1,233)	0	(0)	0	(3,225)	2,464
CES-Health	320,382	5,750	5,276	1,948	0	102	333,458	(122,994)	(10,849)	0	0	(94)	(133,937)	199,521
CES-Parks, Recr, Cem & Culture	2,508,586	297,692	184,841	15,743	(1,127)	11,788	3,017,523	(1,082,533)	(86,400)	762	0	(3,450)	(1,171,621)	1,845,901
CES-MMS & Stadia	3,738,028	2,316	5,000	14,557	(284)	(8,207)	3,751,410	(1,287,856)	(114,913)	282	(3)	1,785	(1,400,705)	2,350,705
CES-Agro Ecology	26,419	9,032	13,270	2,848	0	0	51,569	(1,185)	(3,226)	0	0	0	(4,410)	47,158
Vote 9 - Human Settlements and Infrastructure	**23,849,433**	**1,251,530**	**759,071**	**777,693**	**(338)**	**(96)**	**26,637,293**	**(6,852,730)**	**(801,553)**	**299**	**0**	**756**	**(7,653,228)**	**18,984,066**
HSI-Deputy City Manager	1,810	37	178	357	(52)	186	2,517	(1,138)	(260)	16	0	(75)	(1,458)	1,059
HSI-Metro Housing & Hostels	3,213,862	-417,120	242,785	38,589	(114)	118	3,078,121	(765,198)	(93,500)	114	0	(12)	(858,597)	2,219,524
HSI-Formal Housing	132,951	4,965	121	1,139	(16)	(797)	138,364	(68,189)	(1,058)	16	0	1,063	(68,168)	70,195
HSI-Engineering	16,001,239	719,888	485,750	100,492	(149)	229	17,307,449	(5,237,673)	(570,559)	145	0	(100)	(5,808,187)	11,499,262
HSI-ETK Transport Authority	4,499,571	943,760	30,236	637,115	(8)	168	6,110,843	(780,531)	(136,175)	8	0	(120)	(916,818)	5,194,025
Vote 10 - Trading Services	**31,446,209**	**3,005,114**	**1,193,495**	**246,849**	**(458)**	**1,098**	**35,892,308**	**(11,073,431)**	**(1,028,690)**	**456**	**(1,405)**	**(1,101)**	**(12,104,172)**	**23,788,136**
TRC-Deputy City Manager	743	0	13	0	0	0	756	(456)	(117)	0	0	0	(573)	183
TRC-Electricity	10,117,486	1,397,031	345,389	135,224	0	(483)	11,994,646	(4,405,831)	(379,231)	0	0	102	(4,784,960)	7,209,686
TRC-Water	11,860,629	978,541	341,438	12,909	(187)	1,099	13,194,429	(2,706,265)	(277,873)	187	0	(1,102)	(2,985,053)	10,209,376
TRC-Sanitation	7,429,427	660,817	429,520	48,959	0	0	8,568,723	(2,539,743)	(313,279)	0	0	0	(2,853,023)	5,715,700
TRC-Cleansing and Solid Waste	1,904,430	(33,727)	77,136	49,518	(270)	483	1,997,570	(1,383,447)	(56,272)	268	0	(102)	(1,439,553)	558,017
TRC-Gas to Electricity	133,495	2,452	0	239	0	0	136,185	(37,688)	(1,917)	0	(1,405)	0	(41,011)	95,175
Durban ICC	183,233		7,940	270	(26)	7	191,425	(115,047)	(10,970)				(126,016)	65,408
DMTP t/a Ushaka Marine World	644,622		5,934	0	(879)		649,678	(368,257)	(20,347)	521			(388,083)	261,595
Total	**71,735,861**	**5,757,967**	**2,796,597**	**1,154,474**	**(10,631)**	**(8,270)**	**81,425,998**	**(25,472,149)**	**(2,561,757)**	**9,241**	**(156,155)**	**1,619**	**(28,179,202)**	**53,246,796**

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - MUNICIPALITY

	COST							Accumulated Depreciation						
	Restated Opening Balance	Restated Opening	Additions	Under Constructio n	Disposal s	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairment s	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 1 - Office of the City Manager	**959,332**	**10,548**	**42,916**	**3,840**	**(3,443)**	**(5,876)**	**1,007,317**	**(698,884)**	**(94,896)**	**3,153**	**0**	**3,795**	**(786,832)**	**220,485**
OCM-City Manager's Office	515	0	0	0	0	0	515	(303)	(8)	0	0	0	(311)	204
OCM-Internal Audit & Risk Mgmt	7,686	0	34	0	0	(15)	7,705	(4,922)	(587)	0	0	15	(5,494)	2,212
OCM-Information Management	946,545	10,548	42,687	3,840	(3,361)	(5,836)	994,424	(691,073)	(93,783)	3,083	0	3,754	(778,020)	216,404
OCM-City Integrity & Investiga	4,586	0	194	0	(83)	(25)	4,673	(2,586)	(518)	70	0	27	(3,007)	1,666
Vote 2 - City Manager's Operations	**195,386**	**890**	**5,360**	**(847)**	**(23)**	**320**	**201,086**	**(98,084)**	**(8,006)**	**23**	**0**	**(198)**	**(106,264)**	**94,822**
CMO-Metropolitan Police	115,425	890	3,413	(847)	(23)	664	119,521	(58,414)	(4,613)	23	0	(557)	(63,560)	55,961
CMO-Legal Services	10,723	0	486	0	0	(280)	10,928	(4,342)	(409)	0	0	270	(4,480)	6,448
CMO-Area Based Management	64,853	0	956	0	0	31	65,839	(33,178)	(2,537)	0	0	(5)	(35,721)	30,118
CMO-Performance Monitor & Eval	4,385	0	234	0	0	(94)	4,525	(2,151)	(443)	0	0	94	(2,499)	2,026
CMO-Chief Operarions Office	0		272	0	0	0	272	0	(4)	0		0	(4)	268
Vote 3 - Finance	**3,891,043**	**642,061**	**438,128**	**(144,064)**	**(2,153)**	**5,006**	**4,830,021**	**(2,407,478)**	**(209,406)**	**2,020**	**(154,748)**	**(4,700)**	**(2,774,312)**	**2,055,709**
FIN-Deputy City Manager	1,085	0		0	(5)	5	1,084	(604)	(91)	5	0	(1)	(691)	393
FIN-Expenditure	24,320	0	1,319	0	(248)	(673)	24,718	(15,988)	(1,651)	245	0	83	(17,312)	7,407
FIN-Income	190,512	504,757	2,936	467	(1,021)	(324)	697,326	(160,676)	(4,377)	976	0	302	(163,776)	533,551
FIN-Finance & Major Projects	1,140	0	42	0	(57)	11	1,137	(791)	(99)	55	0	(2)	(837)	299
FIN-Internal Control & Bus Sys	224,552	4,845	12,214	(3,384)	(197)	35	238,065	(99,103)	(8,144)	180	0	82	(106,985)	131,080
FIN-Real Estate	909,577	0	234	(1)	(210)	5,804	915,404	(387,812)	(16,172)	202	(154,748)	(5,045)	(563,575)	351,829
FIN-City Fleet	1,515,705	141,353	288,489	(141,055)	(46)	94	1,804,541	(1,015,480)	(122,666)	5	0	(94)	(1,138,235)	666,306
FIN-Durban Energy Office	3	(8,966)		(17)	0	0	(8,981)	1,884	0	0	0	0	1,884	(7,097)
FIN-Bus Operations	979,825	(0)	132,380	0	0	0	1,112,205	(694,468)	(53,313)	0	0	0	(747,782)	364,423
FIN-Miscellaneous	28,454	0	0	0	0	0	28,454	(24,721)	(509)	0	0	0	(25,230)	3,224
FIN-Supply Chain Management	15,871	72	512	(72)	(369)	54	16,068	(9,718)	(2,384)	352	0	(25)	(11,775)	4,293
Vote 4 - Office of the Strategic Management	**5,417**	**3**	**155**	**0**	**(9)**	**(343)**	**5,223**	**(3,454)**	**(262)**	**9**	**0**	**360**	**(3,347)**	**1,875**
OSM-City Research & Policy Adv	4,791	0	118	0	(9)	(225)	4,675	(3,025)	(192)	9	0	354	(2,854)	1,821
OSM-Chief Strategy Officer	626	0	37	0	0	(118)	545	(429)	(70)	0	0	6	(493)	51
OSM-Sustainable City Initiativ	0	3	0	0	0	0	3	0	0	0	0	0	0	3
Vote 5 - Governance	**433,991**	**12,216**	**47,523**	**240**	**(344)**	**645**	**494,271**	**(199,664)**	**(24,216)**	**278**	**0**	**(545)**	**(224,147)**	**270,124**
GOV-Deputy City Manager	0	0	0	0	0	0	0	16	0	0	0	0	16	16
GOV-City Hall Admin & Secretar	262,582	4,777	2,355	1,437	(40)	(10)	271,100	(122,869)	(13,289)	21	0	10	(136,127)	134,973
GOV-Communications	5,867	0	1,588	0	0	73	7,528	(3,649)	(887)	0	0	(77)	(4,613)	2,915
GOV-Sizakala Centres	144,779	1,197	42,703	(1,197)	(82)	333	187,732	(61,464)	(7,682)	76	0	(276)	(69,347)	118,385
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	COST							Accumulated Depreciation						
	Restated Opening Balance cost	Restated Opening WIP	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 6 - Corporate and Human Resources	**57,799**	**2,264**	**7,198**	**(1,615)**	**(556)**	**2,055**	**67,144**	**(31,513)**	**(6,668)**	**524**	**0**	**(1,657)**	**(39,313)**	**27,831**
CHR-Deputy City Manager	864	0	22	0		0	886	(589)	(74)	0	0	0	(663)	223
CHR-Human Resources	42,855	2,269	4,907	(1,747)	(452)	982	48,813	(23,106)	(4,805)	425	0	(721)	(28,206)	20,607
CHR-Occupation Health & Safety	5,855	(132)	651	131		(37)	6,468	(2,843)	(723)	0	0	58	(3,507)	2,961
CHR-Mgmt Services & Org. Devel	2,799	127	192	0	(104)	262	3,276	(1,579)	(403)	99	0	(184)	(2,067)	1,209
CHR-Skills Development	5,426	0	1,426	0	0	848	7,701	(3,396)	(663)	0	0	(810)	(4,870)	2,831
Vote 7 - Economic Development & Planning	**2,674,838**	**506,134**	**65,154**	**244,180**	**(987)**	**(14,530)**	**3,474,788**	**(715,322)**	**(99,933)**	**910**	**0**	**6,686**	**(807,659)**	**2,667,129**
EDP-Deputy City Manager	6,306	(3)	15	0	0	(37)	6,281	22	(56)	0	0	25	(9)	6,272
EDP-Economic Dev & Facilitatio	(348,854)	354,363	43,981	91,440	0	(698)	140,231	(250,535)	(37,449)	0	0	697	(287,287)	(147,056)
EDP-City Enterprises	1,439,991	0		0	0	(4,937)	1,435,054	(4,938)	0	0	0	4,937	(1)	1,435,053
EDP-Business Support	(63,785)	68,719	1,746	9,960	0	1,155	17,796	(82,467)	(6,797)	0	0	(1,060)	(90,325)	(72,529)
EDP-Retail Markets	275,043	1,633	13	202	0	0	276,890	(41,199)	(1,609)	0	0	0	(42,808)	234,082
EDP-Markets	76,358	821	476	284	0	0	77,939	(57,884)	(4,614)	0	0	0	(62,498)	15,441
EDP-Airport	147,818	0	396	0	0	0	148,213	(1,732)	(383)	0	0	0	(2,115)	146,099
EDP-Develop Planning & Mgmt	2,372	12,222	13,553	(2,461)	(987)	202	24,901	(37,157)	(8,377)	910	0	(176)	(44,800)	(19,899)
EDP-Urban Renewal	138,297	68,310	4,605	(209)	0	(10,175)	200,828	(234,563)	(38,812)	0	0	2,244	(271,132)	(70,304)
EDP-Tourism	965,192	68	305	(68)	0	(40)	965,457	(4,475)	(1,772)	0	0	18	(6,229)	959,228
EDP-Invest Durban	35,543	0	65	0	0	0	35,608	(392)	(63)	0	0	0	(455)	35,152
EDP- Catalytic Projects	558	0	0	145,032	0	0	145,590	0	0	0		0	0	145,590
Vote 8 - Community and Emergency Services	**7,394,558**	**327,207**	**223,723**	**27,928**	**(1,416)**	**3,443**	**7,975,443**	**(2,908,286)**	**(256,811)**	**1,048**	**(3)**	**(1,777)**	**(3,165,828)**	**4,809,615**
CES-Deputy City Manager	11,124	0	5	0	(5)	(2)	11,123	(8,649)	(212)	5	0	13	(8,843)	2,280
CES-Emergency Services	486,768	(6,904)	256	90	0	0	480,211	(205,578)	(17,127)	0	0	0	(222,706)	257,505
CES-Disaster Mgmt & Emerg Cont	271,844	19,321	14,388	(7,258)	0	(239)	298,056	(192,194)	(21,726)	0	0	(31)	(213,951)	84,106
CES-Security Management	25,816	0	588	0	0	0	26,405	(5,305)	(1,126)	0	0	0	(6,431)	19,974
CES-Safer Cities	5,591	0	99	0	0	0	5,690	(1,993)	(1,233)	0	(0)	0	(3,225)	2,464
CES-Health	320,382	5,750	5,276	1,948	0	102	333,458	(122,994)	(10,849)	0	0	(94)	(133,937)	199,521
CES-Parks, Recr, Cem & Culture	2,508,586	297,692	184,841	15,743	(1,127)	11,788	3,017,523	(1,082,533)	(86,400)	762	0	(3,450)	(1,171,621)	1,845,901
CES-MMS & Stadia	3,738,028	2,316	5,000	14,557	(284)	(8,207)	3,751,410	(1,287,856)	(114,913)	282	(3)	1,785	(1,400,705)	2,350,705
CES-Agro Ecology	26,419	9,032	13,270	2,848	0	0	51,569	(1,185)	(3,226)	0	0	0	(4,410)	47,158
Vote 9 - Human Settlements and Infrastructure	**23,876,710**	**1,251,530**	**759,071**	**777,693**	**(338)**	**(96)**	**26,664,570**	**(6,880,007)**	**(801,553)**	**299**	**0**	**756**	**(7,680,505)**	**18,984,066**
HSI-Deputy City Manager	1,810	37	178	357	(52)	186	2,517	(1,138)	(260)	16	0	(75)	(1,458)	1,059
HSI-Metro Housing & Hostels	3,213,862	-417,120	242,785	38,589	(114)	118	3,078,121	(765,198)	(93,500)	114	0	(12)	(858,597)	2,219,524
HSI-Formal Housing	132,951	4,965	121	1,139	(16)	(797)	138,364	(68,189)	(1,058)	16	0	1,063	(68,168)	70,195
HSI-Engineering	16,028,516	719,888	485,750	100,492	(149)	229	17,334,726	(5,264,950)	(570,559)	145	0	(100)	(5,835,464)	11,499,262
HSI-ETK Transport Authority	4,499,571	943,760	30,236	637,115	(8)	168	6,110,843	(780,531)	(136,175)	8	0	(120)	(916,818)	5,194,025
Vote 10 - Trading Services	**31,446,209**	**3,005,114**	**1,193,495**	**246,849**	**(458)**	**1,098**	**35,892,308**	**(11,073,431)**	**(1,028,690)**	**456**	**(1,405)**	**(1,101)**	**(12,104,172)**	**23,788,136**
TRC-Deputy City Manager	743	0	13	0	0	0	756	(456)	(117)	0	0	0	(573)	183
TRC-Electricity	10,117,486	1,397,031	345,389	135,224	0	(483)	11,994,646	(4,405,831)	(379,231)	0	0	102	(4,784,960)	7,209,686
TRC-Water	11,860,629	978,541	341,438	12,909	(187)	1,099	13,194,429	(2,706,265)	(277,873)	187	0	(1,102)	(2,985,053)	10,209,376
TRC-Sanitation	7,429,427	660,817	429,520	48,959	0	0	8,568,723	(2,539,743)	(313,279)	0	0	0	(2,853,023)	5,715,700
TRC-Cleansing and Solid Waste	1,904,430	(33,727)	77,136	49,518	(270)	483	1,997,570	(1,383,447)	(56,272)	268	0	(102)	(1,439,553)	558,017
TRC-Gas to Electricity	133,495	2,452	0	239	0	0	136,185	(37,688)	(1,917)	0	(1,405)	0	(41,011)	95,175
Total	**70,935,283**	**5,757,967**	**2,782,723**	**1,154,203**	**(9,726)**	**(8,277)**	**80,612,172**	**(25,016,123)**	**(2,530,440)**	**8,719**	**(156,155)**	**1,619**	**(27,692,380)**	**52,919,793**

APPENDIX B: ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021 - GROUP

30-Jun-20 Actual Income R'000	30-Jun-20 Actual Expenditure R'000	30-Jun-20 Surplus/ (Deficit) R'000		30-Jun-21 Actual Income R'000		30-Jun-21 Actual Expenditure R'000	30-Jun-21 Surplus/ (Deficit) R'000
175,814	(1,142,780)	(966,966)	Executive & Council	98,252		(997,894)	(899,642)
17,808,081	(5,847,559)	11,960,522	Finance & Admin	18,523,353		(6,575,568)	11,947,785
232,012	(704,584)	(472,572)	Planning & Development	171,136		(741,531)	(570,395)
233,883	(620,243)	(386,360)	Health	227,160		(656,284)	(429,124)
111,631	(825,131)	(713,500)	Community & Social Services	156,236		(814,212)	(657,976)
1,288,259	(1,949,372)	(661,113)	Housing	1,073,998		(1,957,472)	(883,474)
355,327	(3,065,823)	(2,710,496)	Public Safety	248,965		(2,715,394)	(2,466,429)
67,060	(1,796,298)	(1,729,238)	Sport & Recreation	53,533		(1,869,713)	(1,816,180)
2,265	(260,820)	(258,555)	Environmental Protection	1,316		(262,944)	(261,628)
3,871,920	(4,099,211)	(227,291)	Waste Management	3,611,186		(4,111,019)	(499,833)
1,588,910	(3,410,351)	(1,821,441)	Road Transport	1,558,517		(3,217,402)	(1,658,885)
6,821,439	(9,141,015)	(2,319,576)	Water	8,488,767		(8,945,670)	(456,903)
15,347,069	(14,432,530)	914,539	Electricity	15,227,249		(15,690,645)	(463,396)
129,427	(263,596)	(134,169)	Other	134,526		(305,278)	(170,752)
89,184	(162,673)	(73,489)	ICC	11,002		(91,691)	(80,689)
152,735	(266,878)	(114,143)	Ushaka	78,313		(211,212)	(132,899)
48,275,016	**(47,988,864)**	**286,152**	**Sub Total**	**49,663,509**	**0**	**(49,163,929)**	**499,580**
	(9,478)	(9,478)	Share of Income (Loss) from Joint Venture	12,383		0	12,383
(7,657,635)	7,657,635	0	Less Inter-Dep charges	(7,788,667)		7,788,667	0
	(27,630)	(27,630)	Changes in estimates	0		(34,742)	(34,742)
	8,767	8,767	Taxation	0		19,271	19,271
40,617,381	**(40,359,570)**	**257,811**	**Total**	**41,887,225**		**(41,390,733)**	**496,492**

APPENDIX B: ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021 - MUNICIPALITY

30-Jun-20 Actual Income R'000	30-Jun-20 Actual Expenditure R'000	30-Jun-20 Surplus/ (Deficit) R'000		30-Jun-21 Actual Income R'000	30-Jun-21 Actual Expenditure R'000	30-Jun-21 Surplus/ (Deficit) R'000
175,814	(1,142,780)	(966,966)	Executive & Council	98,252	(997,894)	(899,642)
17,848,268	(5,948,023)	11,900,245	Finance & Admin	18,564,504	(6,705,906)	11,858,598
232,012	(842,309)	(610,297)	Planning & Development	171,136	(885,387)	(714,251)
233,883	(620,243)	(386,360)	Health	227,160	(656,284)	(429,124)
111,631	(825,131)	(713,500)	Community & Social Services	156,236	(814,212)	(657,976)
1,288,259	(1,949,372)	(661,113)	Housing	1,073,998	(1,957,472)	(883,474)
355,327	(3,065,823)	(2,710,496)	Public Safety	248,965	(2,715,394)	(2,466,429)
67,060	(1,796,298)	(1,729,238)	Sport & Recreation	53,533	(1,869,713)	(1,816,180)
2,265	(260,820)	(258,555)	Environmental Protection	1,316	(262,944)	(261,628)
3,873,843	(4,099,211)	(225,368)	Waste Management	3,612,289	(4,111,019)	(498,730)
1,585,979	(3,409,408)	(1,823,429)	Road Transport	1,556,824	(3,207,756)	(1,650,932)
6,833,505	(9,141,015)	(2,307,510)	Water	8,497,810	(8,945,670)	(447,860)
15,384,975	(14,432,530)	952,445	Electricity	15,259,123	(15,690,645)	(431,522)
129,427	(263,596)	(134,169)	Other	134,526	(305,278)	(170,752)
48,122,248	**(47,796,559)**	**325,689**	**Sub Total**	**49,655,672**	**(49,125,574)**	**530,098**
	(9,478)	(9,478)	Share of Income (Loss) from Joint Venture	12,383	0	12,383
(7,657,635)	7,657,635	0	Less Inter-Dep charges	(7,788,667)	7,788,667	0
	(27,630)	(27,630)	Changes in estimates		(34,742)	(34,742)
40,464,613	**(40,176,032)**	**288,581**	**Total**	**41,879,388**	**(41,371,649)**	**507,739**

APPENDIX C: DISCLOSURE OF GRANTS AND SUBSIDIES INTERMS OF SECTION 123 MFMA.56 OF 2003

GRANT DESCRIPTION	NAME OF ORGAN OF STATE	QUARTERLY RECIEPTS					QUARTERLY PAYMENTS					GRANTS AND SUSBSIDIES DELAYED/WITHHELD / PAID BACK / ACCRUED				REASONS FOR DELAYS OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF THE GRANT	REASON FOR NON COMPLIANCE
		SEPT	DEC	MAR	JUN	TOTAL	SEP	DEC	MAR	JUN	TOTAL	Sep	Dec	Mar	Jun		Yes/No	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
EQUITABLE SHARE	NATIONAL TREASURY	1,550,024	1,399,274	861,124	112,983	**3,923,405**	1,918,126	689,133	1,203,163	112,983	**3,923,405**	**112,983**				**R112 983 erroneously withheld, accrual journal processed to reinstate amount to equitable share, R10 579 351.25 plus R35 939 943.29 was short paid in December, R431 519.81 paid back in March.**	Yes	N/A
URBAN SETTLEMENT DEVELOPMENT GRANT	HUMAN SETTLEMENTS	490,662	322,040	958,584		**1,771,286**	212,561	360,584	453,551	744,590	**1,771,286**						Yes	N/A
FINANCIAL MANAGEMENT GRANT	NATIONAL TREASURY	1,000	0	0	0	**1,000**	0	0	293	293	**586**						Yes	N/A
INTEGRATED CITIES DEVELOPMENT	NATIONAL TREASURY	23,232	0	22,679	0	**45,911**	0	0	36,951	8,960	**45,911**						Yes	N/A
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	NATIONAL TREASURY	19,000	0	12,942	0	**31,942**	15,397	653	872	9,898	**26,820**		**10,579**			**R24000 transferred to Umngeni Water, R10 579 paid back**	Yes	N/A
GOVERNMENT HEALTH SUBSIDY	KZN DEPT OF HEALTH	0	32,879	82,082	110,080	**225,041**	0	32,879	82,082	110,080	**225,041**			**74,457**		**R74457 accrued receipt**	Yes	N/A
PTCG	NATIONAL DEPARTMENT OF TRANSPORT	195,910	363,346	63,339	0	**622,595**	94,003	210,445	196,001	122,146	**622,595**		**35,940**			**R35940 Rollover application not approved. Paid back.**	Yes	N/A
NEIGHBOUR HOOD DEVELOPMENT GRANT	NATIONAL TREASURY	48,759	2,808	14,433	0	**66,000**	12,302	15,573	13,439	15,602	**56,916**	0					Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME-EPWP	DEPARTMENT OF PUBLIC WORKS	19,798	35,636	23,758	0	**79,192**	40,800	38,392		0	**79,192**						Yes	N/A
DEPARTMENT OF HUMAN SETTLEMENTS - DOH	DEPARTMENT OF HUMAN SETTLEMENTS	30,000	51,500	5,000	193,719	**280,219**	7,799	18,289	15,693	30,035	**71,816**						Yes	N/A
GRANT ACCREDITATION	DEPARTMENT OF HUMAN SETTLEMENTS	0		0	28,931	**28,931**	0	0		28,931	**28,931**						Yes	N/A
DEPARTMENT OF MINERAL AND ENERGY (EEDSM)	DEPARTMENT OF MINERALS AND ENERGY	0	3,000	6,000	3	**9,003**	0			140	**140**			**432**		**R431 519.81 Rollover application not approved. Paid back.**	Yes	N/A
DEPARTMENT OF ARTS AND CULTURE	KZN DEPARTMENT OF ARTS AND CULTURE	0	0	80,115	5,646	**85,761**	10,909	9,344	14,108	15,834	**50,195**						Yes	N/A
MUNICIPAL EMERGENCY HOUSING GRANT	NATIONAL TREASURY	0	0	28,855	0	**28,855**	8,029	1,946	10,111	8,408	**28,494**					**R32,449,000 being the approved rollover application from previous year, less recognition in terms of prior year adjustment of R3,594,000.**	Yes	N/A
GRAND TOTAL		**2,378,385**	**2,210,483**	**2,158,911**	**451,362**	**7,199,141**	**2,319,926**	**1,377,238**	**2,026,264**	**1,207,900**	**6,931,328**	**112,983**	**46,519**	**74,889**				

APPENDIX D: MOSES MABHIDA STADIUM & STADIA - DETAILED STATEMENT OF FINANCIAL

	2021 R'000	2020 R'000
REVENUE		
Rental of facilities and equipment	**12,571**	**35,289**
Rent Bowl & Non Bowl Events	3,332	17,719
Rent Shops	8,344	6,294
Suites & Business Clubs	390	3,108
Hire Hall/ Civic/Rec Cnt	496	7,456
Rent Buildings	9	570
Rent Parking Bays	0	142
Discounts received	**38**	**238**
Grants - USDG	**0**	**202**
Other revenue	**21**	**898**
Other income - Attractions	**248**	**2,046**
Adventure Walk	0	324
Skycar	0	0
Stadium Tours	248	1,722
Total operating revenue	**12,878**	**38,673**
EXPENDITURE		
Depreciation - Property, Plant and Equipment & Intangible Assets	**115,211**	**115,999**
Depreciation & Amortisation	115,211	115,999
General expenses	**125,650**	**163,006**
Electricity	14,425	17,060
Employee related costs	55,222	57,341
Fuel & Oil : Vehicles	646	470
Other materials	2,324	8,150
Operating leases	291	405
Contracted services	39,518	50,695
OHS Employ wellness	12	3
Stadium Operational Costs	2,456	12,583
Refuse removal	281	463
Hire Of City Fleet	500	563
Water& Sanitation	9,975	15,273
Total operating expenditure	**240,861**	**279,005**
DEFICIT FOR THE YEAR	**(227,983)**	**(240,332)**