



**MSUNDUZI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity

Category B Municipality in terms of section 12 of the Local Government : Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996) and Municipal Finance Management Act No. 56 of 2003.

Nature of business and principal activities

The primary function of Msunduzi Local Municipality is to provide basic services i.e. water, electricity, sanitation and refuse to the Msunduzi jurisdiction.

Msunduzi Local Municipality is controlled by a Mayor, Deputy Mayor, Speaker, Chief Whip, ten Executive Committee members, the Accounting Officer and five General Managers who contribute to day-to-day management.

Legislation governing the municipality's operations

Municipal Finance Management Act (Act 56 of 2003)
The Constitution of the Republic of South Africa (Act 108 of 1996)
Municipal Structures Act (Act 117 of 1998)
Municipal Systems Act (Act 32 of 2000)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 1 of 2007)
Municipal Demarcation Act (Act 27 of 1998)

Executive Committee

Mayor - Mzimkhulu Thebolla
Deputy Mayor - Mxolisi Mkhize
Bongani Dumsani Mbona
Bongumusa Nhlabathi
Ntombizethu Precious Sokhela
Phumelele Phahla
Prudence Nokuthula Msimang
Ross Strachan
Thinasonke Dennis Ntombela
Zanele Ngcobo

Councillors

Speaker - Nomagugu Eunice Majola
Chief Whip - Sandile Dlamini
Municipal Public Accounts Committee Chairperson - Zwelinjani Magubane
Autrina Nomathemba Phungula
Beatrice Nombuyiselo Mkize
Bhekukwenza Mkhize
Bukelani Ephraim Zuma
Dorcas Mkhize
Douglas Leslie Roberts
Dumisani Bernard Phungula
Edit Elliott
Garth F.W. Middleton
Gladness Mncwango
Godman Dlamini
Hamilton Zondi
Haroon Kemp
Jabulisile Joyce Ngubo
Khulekani Msomi
Kwazikwakhe Madonda
Mabhungu Moses Mkhize
Majola Sibingiseni Jerome

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Mbongeni Jetro Shezi
Mbusiswa Hencefort Mkhize
Mduduzi Clive Nduli
Mduduzi Caswell Mshengu
Michael Bhekabantu Zuma
Mphilisi Instance Ndlovu
Msawakhe Bhengu
Mshushisi Ngubane
Mthetho Ephraim Mpulo
Mysie Mbuto
Nkosinathi Masoeu
Nkosinathi Mbanjwa
Nomalady Dlela
Nomfundo Ndlovu
Nomusa Wendy Mncube
Philisiwe Sithole
Phumlani Gabuza
Pretty Nelisiwe Maphanga
Rachel Soobiah
Randall John Adams
Regina Zinhle Ngubo
Reginald Xolani Khanyile
Renisha Singh
Rienus Niemand
Rooksana Ahmed
Roy Ram
Sandile Gcabashe
Sandra Patricia Lyne
Sanele Protas Mpulo
Sanele Russel Zuma
Sbongumusa Zuma
Sibusiso Alfred Mkhize
Sibusiso Chonco
Sibusiso Richard Ntuli
Simphiwe Buthelezi
Sinenhlanhla Love-Joy Ndlovu
Sinothi Jerome Nkabini
Siphamandla Madlala
Siphiwe Phungula
Skhanyiso Makhaye
Stanley Ntuthuko Mncwabe
Suraya Reddy
Tandanam Ntombela
Thandiwe Mkhize
Themba Cyril Ngubane
Thembile Precious Mzila
Thembinkosi Zondi
Tholakele Cele
Tholakele Ignatia Dlamini
Victoria Mavie Phungula

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

	Vusi Percival Ngwenya
Grading of local authority	Category - B
Accounting Officer	Lulamile Houghton Mapholoba
Chief Finance Officer (CFO)	Nelisiwe Margaret Ngcobo
Registered office	The City Hall 260 Church Street Pietermaritzburg 3201
Business address	The City Hall 260 Church Street Pietermaritzburg 3201
Postal address	The City Hall Private Bag X321 Pietermaritzburg 3200
Controlling entity	Msunduzi Local Municipality
Economic entity	Safe City Msunduzi NPC
Bankers	First National Bank
Auditors	The Auditor General of South Africa
Telephone	(033) 392 2002
Facsimile	(033) 392 2208

Msunduzi Local Municipality
Annual Financial Statements for the year ended 30 June 2023

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Abbreviations

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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 were given unrestricted access to all financial records and related data.

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

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

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

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

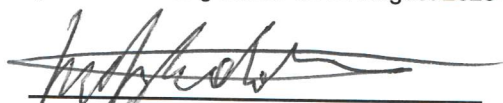
The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the Municipality, he is supported by the Municipality's audit committee, internal and external auditors.

The external auditors are responsible for independently reviewing and reporting on the Municipality's annual financial statements. The annual financial statements have been examined by the Municipality's internal auditors.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 52 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

The annual financial statements set out on page 6-179, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:


Lulamile Houghton Mapholoba
Accounting Officer

Pietermaritzburg

Thursday, 31 August 2023

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	420 123 352	368 995 193
Short term investment	4	23 254 864	32 670 009
Other debtors	5	97 085 566	21 300 654
Statutory receivables	6	765 103 881	604 467 215
Consumer debtors	7	2 157 209 998	1 792 986 775
Cash and cash equivalents	8	511 402 009	289 152 840
		3 974 179 670	3 109 572 686
Non-Current Assets			
Agricultural assets	9	75 800 000	80 200 000
Living resources	10	575 890	696 179
Heritage assets	11	274 718 370	273 093 520
Intangible assets	12	23 913 257	20 954 448
Investment property	13	953 062 121	923 509 345
Property, plant and equipment	14	7 044 166 606	6 907 493 444
		8 372 236 244	8 205 946 936
Total Assets		12 346 415 914	11 315 519 622
Liabilities			
Current Liabilities			
Consumer deposits	15	142 078 762	132 962 378
Other financial liabilities	16	74 270 955	79 162 900
Transfers payable (non-exchange)	17	15 568 203	20 091 631
Payables from exchange transactions	18	2 487 458 256	1 930 522 573
Provisions	19	8 979 751	7 591 978
Employee benefit obligation	20	49 265 001	41 526 001
Unspent conditional grants and receipts	21	175 932 858	136 087 525
VAT payable	22	185 012 600	178 088 885
		3 138 566 386	2 526 033 871
Non-Current Liabilities			
Other financial liabilities	16	50 310 656	124 581 612
Employee benefit obligation	20	545 988 000	589 320 000
Provisions	19	62 175 173	61 113 708
		658 473 829	775 015 320
Total Liabilities		3 797 040 215	3 301 049 191
Net Assets		8 549 375 699	8 014 470 431
Accumulated surplus	23	8 329 636 267	7 812 639 379
Capital replacement reserve	24	4 605 111	785 902
Housing development fund	25	110 558 452	105 694 250
Revaluation reserve	26	104 575 869	95 350 900
Total Net Assets		8 549 375 699	8 014 470 431

* See Note 74 & 72 & 73

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Agency services	27	2 598 950	2 139 483
Interest - consumer debtors and receivables	28	158 697 404	167 310 101
Interest received - bank, call and investment accounts	29	16 957 185	10 445 070
Licences and permits	30	2 415 456	984 210
Operational revenue	31	57 528 560	54 551 729
Rental of facilities and equipment	32	20 071 337	26 116 658
Rendering of services	33	10 544 479	11 233 135
Sale of goods	34	431 344	240 065
Service charges	35	3 870 497 198	3 850 924 842
Total revenue from exchange transactions		4 139 741 913	4 123 945 293
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	36	1 370 173 435	1 212 899 921
Interest from non-exchange receivables	37	63 180 751	55 782 645
Transfer revenue			
Fines, penalties and forfeits	38	20 129 365	14 488 973
Government grants and subsidies	39	1 126 070 597	1 050 402 242
Other transfers	40	1 600	60 000
Total revenue from non-exchange transactions		2 579 555 748	2 333 633 781
Total revenue		6 719 297 661	6 457 579 074
Expenditure			
Bad debts written off	41	(26 721 381)	(75 248 154)
Bulk purchases	42	(2 350 400 905)	(2 212 724 552)
Debt impairment	43	(71 195 569)	(776 532 709)
Depreciation and amortisation	44	(337 452 386)	(365 699 314)
Employee related costs	45	(1 563 267 990)	(1 484 501 752)
Finance costs	46	(143 221 894)	(26 915 534)
General expenses	47	(797 503 868)	(693 346 998)
Inventory consumed	48	(739 336 381)	(821 790 405)
Operational costs	49	(143 042 617)	(120 297 625)
Operating leases	50	(32 572 655)	(29 162 299)
Remuneration of councillors	51	(51 817 505)	(49 417 027)
Transfers and subsidies	52	(29 562 255)	(32 331 203)
Total expenditure		(6 286 095 406)	(6 687 967 572)
Operating surplus (deficit)		433 202 255	(230 388 498)
Actuarial gains	53	83 941 891	1 504 320
Fair value adjustments on investment property	54	28 124 701	14 807 164
Fair value on agricultural assets	55	(4 400 000)	(16 100 000)
Gains on disposal of assets		500 085	4 361 951
Impairment loss	56	(13 231 516)	(6 911 518)
Inventory losses	57	(2 457 117)	(1 089 538)
		92 478 044	(3 427 621)
Surplus (deficit) for the year		525 680 299	(233 816 119)

* See Note 74 & 72 & 73

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Revaluation reserve	Housing development fund	Capital replacement fund	Total reserves	Accumulated surplus / deficit	Total net assets
Figures in Rand						
Balance at 01 July 2021	95 137 597	95 126 533	724 892	190 989 022	7 980 838 526	8 171 827 548
Changes in net assets						
Revaluation of heritage assets	213 303	-	-	213 303	-	213 303
Transfer to HDF	-	8 769 552	-	8 769 552	-	8 769 552
Prior year adjustment	-	-	-	-	67 476 147	67 476 147
Net income (losses) recognised directly in net assets	213 303	8 769 552	-	8 982 855	67 476 147	76 459 002
Deficit for the year	-	-	-	-	(233 816 119)	(233 816 119)
Total recognised income and expenses for the 12 months	213 303	8 769 552	-	8 982 855	(166 339 972)	(157 357 117)
Interest earned on investment	-	1 798 165	61 010	1 859 175	(1 859 175)	-
Total changes	213 303	10 567 717	61 010	10 842 030	(168 199 147)	(157 357 117)
Restated* Balance at 01 July 2022	95 350 900	105 694 250	785 902	201 831 052	7 812 639 379	8 014 470 431
Changes in net assets						
Revaluation of heritage assets	9 224 969	-	-	9 224 969	-	9 224 969
Transfer to CRR	-	-	3 692 592	3 692 592	(3 692 592)	-
Net income (losses) recognised directly in net assets	9 224 969	-	3 692 592	12 917 561	(3 692 592)	9 224 969
Surplus for the year	-	-	-	-	525 680 299	525 680 299
Total recognised income and expenses for the year	9 224 969	-	3 692 592	12 917 561	521 987 707	534 905 268
Interest earned on investment	-	4 864 202	126 617	4 990 819	(4 990 819)	-
Total changes	9 224 969	4 864 202	3 819 209	17 908 380	516 996 888	534 905 268
Balance at 30 June 2023	104 575 869	110 558 452	4 605 111	219 739 432	8 329 636 267	8 549 375 699
Note(s)	26	25	24		23	

* See Note 74 & 72 & 73

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		3 522 925 779	3 219 743 906
Property rates and fines		1 337 835 114	1 172 527 371
Interest income		16 708 461	10 236 357
Interest received - consumer debtors		26 310 741	23 341 885
Government grants		1 165 915 926	1 015 885 607
		<u>6 069 696 021</u>	<u>5 441 735 126</u>
Payments			
Employee costs		(1 569 684 417)	(1 485 173 691)
Suppliers		(3 690 496 713)	(3 393 323 880)
Finance costs		(18 837 253)	(27 182 033)
		<u>(5 279 018 383)</u>	<u>(4 905 679 604)</u>
Net cash flows from operating activities	58	<u>790 677 638</u>	<u>536 055 522</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(489 541 456)	(511 018 557)
Proceeds from sale of property, plant and equipment	14	3 343 347	5 825 155
Purchase of investment property	13	(4 366 559)	(16 768 574)
Purchase of intangible assets	12	(8 116 044)	(2 528 200)
(Increase)/decrease in short term investment		9 415 144	(358 575)
Net cash flows from investing activities		<u>(489 265 568)</u>	<u>(524 848 751)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(79 162 901)	(81 573 483)
Net increase/(decrease) in cash and cash equivalents		<u>222 249 169</u>	<u>(70 366 712)</u>
Cash and cash equivalents at the beginning of the year		289 152 840	359 519 552
Cash and cash equivalents at the end of the year	8	<u>511 402 009</u>	<u>289 152 840</u>

* See Note 74 & 72 & 73

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue by Source

Property rates	1 427 088 861	-	1 427 088 861	1 370 173 436	(56 915 425)	Refer to Note 81 for variance analysis comparison
Service charges - electricity revenue	3 183 149 702	-	3 183 149 702	2 724 539 631	(458 610 071)	
Service charges - water revenue	819 610 456	-	819 610 456	824 368 756	4 758 300	
Service charges - sanitation revenue	174 568 855	-	174 568 855	197 959 736	23 390 881	
Service charges - refuse revenue	129 665 201	-	129 665 201	123 629 075	(6 036 126)	
Rental of facilities and equipment	37 424 363	-	37 424 363	20 071 337	(17 353 026)	
Interest received - external investments	17 030 213	-	17 030 213	16 957 185	(73 028)	
Interest received - outstanding debtors	225 217 621	-	225 217 621	221 878 154	(3 339 467)	
Fines, Penalties and Forfeits	2 004 874	-	2 004 874	20 129 365	18 124 491	
Licences and permits	1 500 001	-	1 500 001	2 415 456	915 455	
Agency services	668 028	-	668 028	2 598 950	1 930 922	
Transfers and subsidies	855 842 085	(44 855 970)	810 986 115	801 751 325	(9 234 790)	
Other revenue	177 000 000	-	177 000 000	68 505 983	(108 494 017)	
Gains	-	-	-	28 624 786	28 624 786	
Total Revenue (excluding capital transfers and contributions)	7 050 770 260	(44 855 970)	7 005 914 290	6 423 603 175	(582 311 115)	

Expenditure By Type

Employee related costs	(1 579 699 178)	65 270 169	(1 514 429 009)	(1 466 855 856)	47 573 153
Remuneration of councillors	(59 431 218)	-	(59 431 218)	(51 817 507)	7 613 711
Debt Impairment	(300 000 000)	110 000 000	(190 000 000)	(71 195 569)	118 804 431
Depreciation & asset impairment	(441 964 213)	226 422	(441 737 791)	(350 683 902)	91 053 889
Finance charges	(94 217 139)	(52 831 380)	(147 048 519)	(143 221 895)	3 826 624
Bulk purchases	(2 200 000 000)	(165 000 000)	(2 365 000 000)	(2 350 400 905)	14 599 095
Inventory consumed	(871 509 197)	102 187 572	(769 321 625)	(739 336 381)	29 985 244
Contracted services	(664 656 777)	(167 481 586)	(832 138 363)	(799 398 801)	32 739 562
Transfers and subsidies	(63 469 171)	22 583 121	(40 886 050)	(29 562 255)	11 323 795
Other expenditure	(180 000 000)	(27 788 665)	(207 788 665)	(186 190 577)	21 598 088
Losses	-	(50 000 000)	(50 000 000)	(33 578 498)	16 421 502
Total expenditure	(6 454 946 893)	(162 834 347)	(6 617 781 240)	(6 222 242 146)	395 539 094
Operating surplus	595 823 367	(207 690 317)	388 133 050	201 361 029	(186 772 021)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	446 431 109	(8 833 867)	437 597 242	324 319 270	(113 277 972)
Surplus before taxation	1 042 254 476	(216 524 184)	825 730 292	525 680 299	(300 049 993)
Surplus/(Deficit) for the year	1 042 254 476	(216 524 184)	825 730 292	525 680 299	(300 049 993)

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventory	173 496 047	1 480 623	174 976 670	420 123 352	245 146 682	Refer to Note 81 for variance analysis comparison
Consumer debtors	1 781 691 206	640 132 167	2 421 823 373	2 157 209 998	(264 613 375)	
Other debtors	-	48 957 644	48 957 644	862 189 447	813 231 803	
Cash	134 860 115	229 212 063	364 072 178	534 656 873	170 584 695	
	2 090 047 368	919 782 497	3 009 829 865	3 974 179 670	964 349 805	
Non-Current Assets						
Investment property	821 671 435	-	821 671 435	953 062 121	131 390 686	
Property, plant and equipment	7 125 684 086	(300 000 000)	6 825 684 086	7 044 166 605	218 482 519	
Biological	1 070 250	-	1 070 250	575 890	(494 360)	
Intangible	30 700 413	-	30 700 413	23 913 257	(6 787 156)	
Other non-current assets	360 375 179	-	360 375 179	350 518 369	(9 856 810)	
	8 339 501 363	(300 000 000)	8 039 501 363	8 372 236 242	332 734 879	
Total Assets	10 429 548 731	619 782 497	11 049 331 228	12 346 415 912	1 297 084 684	
Liabilities						
Current Liabilities						
Borrowing	101 622 095	79 162 900	180 784 995	74 270 955	(106 514 040)	
Consumer deposits	114 344 430	18 617 947	132 962 377	142 078 763	9 116 386	
Trade and other payables	1 106 988 000	1 073 389 562	2 180 377 562	2 863 971 914	683 594 352	
Provisions	140 397 812	-	140 397 812	58 244 752	(82 153 060)	
	1 463 352 337	1 171 170 409	2 634 522 746	3 138 566 384	504 043 638	
Non-Current Liabilities						
Borrowing	499 353 485	124 581 612	623 935 097	50 310 656	(573 624 441)	
Provisions	809 779 415	650 433 708	1 460 213 123	608 163 173	(852 049 950)	
	1 309 132 900	775 015 320	2 084 148 220	658 473 829	(1 425 674 391)	
Total Liabilities	2 772 485 237	1 946 185 729	4 718 670 966	3 797 040 213	(921 630 753)	
Net Assets	7 657 063 494	(1 326 403 232)	6 330 660 262	8 549 375 699	2 218 715 437	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Reserves	-	201 831 052	201 831 052	219 739 432	17 908 380	
Accumulated surplus	7 657 063 494	(1 528 234 284)	6 128 829 210	8 329 636 267	2 200 807 057	
Total Net Assets	7 657 063 494	(1 326 403 232)	6 330 660 262	8 549 375 699	2 218 715 437	

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	1 284 379 975	57 083 554	1 341 463 529	1 335 259 494	(6 204 035)	Refer to Note 81 for variance analysis comparison
Service charges	3 876 294 795	172 279 767	4 048 574 562	3 515 849 063	(532 725 499)	
Other revenue	915 670 004	56 219 827	971 889 831	9 652 336	(962 237 495)	
Transfers and subsidies - operational	855 842 085	(44 855 970)	810 986 115	795 621 362	(15 364 753)	
Transfers and subsidies - capital	446 431 109	(31 451 896)	414 979 213	370 294 564	(44 684 649)	
Interest	17 030 213	-	17 030 213	43 019 202	25 988 989	
	7 395 648 181	209 275 282	7 604 923 463	6 069 696 021	(1 535 227 442)	
Payments						
Suppliers and employees	(6 605 694 257)	(192 812 515)	(6 798 506 772)	(5 238 024 705)	1 560 482 067	
Finance charges	(94 217 139)	57 168 620	(37 048 519)	(18 837 253)	18 211 266	
Transfers and grants	(63 469 171)	22 583 121	(40 886 050)	(22 156 430)	18 729 620	
	(6 763 380 567)	(113 060 774)	(6 876 441 341)	(5 279 018 388)	1 597 422 953	
Net cash flows from operating activities	632 267 614	96 214 508	728 482 122	790 677 633	62 195 511	
Cash flows from investing activities						
Proceeds on disposal of PPE	-	3 692 592	3 692 592	3 343 347	(349 245)	
Decrease in non current assets	-	-	-	9 415 144	9 415 144	
Capital assets	(835 918 465)	202 269 121	(633 649 344)	(502 024 054)	131 625 290	
Net cash flows from investing activities	(835 918 465)	205 961 713	(629 956 752)	(489 265 563)	140 691 189	
Cash flows from financing activities						
Borrowing long term/refinancing	300 000 000	(300 000 000)	-	-	-	
Repayment of borrowing	(23 606 032)	-	(23 606 032)	(79 162 901)	(55 556 869)	
Net cash flows from financing activities	276 393 968	(300 000 000)	(23 606 032)	(79 162 901)	(55 556 869)	
Net increase/(decrease) in cash and cash equivalents	72 743 117	2 176 221	74 919 338	222 249 169	147 329 831	
Cash and cash equivalents at the beginning of the year	62 117 000	227 035 840	289 152 840	289 152 840	-	
Cash and cash equivalents at the end of the year	134 860 117	229 212 061	364 072 178	511 402 009	147 329 831	

The latest audited information is used as a basis to project the figures in the statement of financial position, the original budget figures were based on the 2021 audited figures. Creditors increased by R600 million between 2021 and 2022, and there was also an upward adjustment on operating expenditure which had to be considered as part of the projections.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The conceptual framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgments and sources of estimation uncertainty

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

Allowance for slow moving, damaged and obsolete inventories

An allowance for inventories to write inventories down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the inventory losses note 57.

Fair value estimation investment property

The fair value of investment property reflect market conditions at the end of the reporting period.

The fair value of investment property reflects, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in the light of current conditions

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Significant judgments and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on the National Treasury Guideline. This estimate is based on the industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of 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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20 - Employee benefits obligations.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Debt Impairment

On consumer debtors and statutory receivables impairment loss is recognised in surplus and deficit when there is an objective evidence that debtors are impaired. The impairment is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition unless if the effect of discounting is immaterial.

1.5 Agricultural assets

The Municipality recognises agricultural assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Agricultural assets are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of agricultural assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of agricultural assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

The plantation harvested is derecognised at its fair value less costs to sell at the point of harvest.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on property, plant and equipment.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Infinite
Buildings	Straight line	5-50 years
Roads	Straight line	5-50 years
Plant and machinery	Straight line	5-15 years
Furniture and fixtures	Straight line	7-10 years
Motor vehicles	Straight line	5-10 years
System security	Straight line	5-10 years
Storm water drainage	Straight line	25 - 50 years
Airport Infrastructure	Straight line	20 years
Solid waste infrastructure	Straight line	5-10 years
Water and sanitation	Straight line	10 - 50 years
Major substations : buildings	Straight line	5-50 years
Transformers and related equipment	Straight line	50 years
Mains	Straight line	45 years
Street lighting	Straight line	50 years
Recreational facilities	Straight line	5-50 years
Fresh produce and other markets	Straight line	5-50 years
Fire engines	Straight line	20 years
Landfill site	Straight line	5-50 years
Transport facilities	Straight line	5-50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10-15 years
Bins and containers	Straight line	5-10 years
Office equipment	Straight line	5 - 10 years
Emergency equipment	Straight line	5 - 15 years

Msunduzi Local Municipality

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Accounting Policies

1.7 Property, plant and equipment (continued)

Electricity	Straight line	5 - 50 years
Security system	Straight line	5 - 10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 14).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 14).

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Msunduzi Local Municipality

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Accounting Policies

1.8 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3-5 years
Servitudes		Indefinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.9 Heritage assets

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses except for Artworks and jewellery.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Msunduzi Local Municipality

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Accounting Policies

1.9 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 11).

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, all classes of heritage assets are carried at its cost less any accumulated impairment losses except for artworks and jewellery.

The Municipality measures artworks and jewellery using revaluation model.

After recognition as an asset, artworks and jewellery, whose fair value can be measured reliably, are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If artworks carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If artworks and jewellery carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised .

1.10 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.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

At each reporting date conditions for impairment are conducted.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Msunduzi Local Municipality

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Accounting Policies

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on 1.19 - Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on 1.20 - Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

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Accounting Policies

1.11 Statutory receivables (continued)

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Income Tax

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

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.14 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at lower of cost and net realisable value except for land which is carried at current replacement cost.

Inventories are measured at the lower of cost and net realisable value where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. 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.

Inventories contain land that has been designated for the purposes of housing developments by the Municipality. The land is initially measured at cost. The land shall be subsequently measured at its current replacement cost. The Municipality shall derecognise the land it no longer controls.

Msunduzi Local Municipality

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Accounting Policies

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the depreciated replacement cost approach:

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Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.16 Employee benefits

Employee benefits are all forms of consideration given by the municipality in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- The municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from the municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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.

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Accounting Policies

1.16 Employee benefits (continued)

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 Natal Joint Provident is a defined contribution plan. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as an 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.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan.

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, less the fair value of plan assets (if any), of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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Accounting Policies

1.16 Employee benefits (continued)

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension obligations

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Accounting Policies

1.16 Employee benefits (continued)

The Municipality's employees contribute to 5 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Funds cater for the majority of the staff.

The following are defined contribution funds

- Government Employees Pension Fund,
- Municipal Councillors Pension Fund
- Natal Joint Pension Fund
- Natal Joint Provident Fund and
- South African Local Authorities Pension Fund

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Past-service costs are recognised immediately against revenue.

The municipality does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principles involved. The City contributes to the defined benefit plans, which are governed by the Pension Fund Act of 1956 due to the nature of these funds and the fact that there is no consistent and reliable basis for allocating the obligation. Plan assets and cost to individual entities participating in the plan, these funds are accounted for as defined contribution funds in terms of paragraph 31 of GRAP 25, the total contributions are included in employee related costs. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds. The Municipality's participation in these plans is limited to the obligation of its own employees.

The NJMPF Superannuation and Retirement funds have been treated as defined contribution plans although they are defined benefit funds.

Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based 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. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.17 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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1.17 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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. The municipality uses the prevailing prime rate at year end.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient evidence of occurrence.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

A contingent liability is:

(a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

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Accounting Policies

1.18 Commitments

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

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Capital expenditure is expenditure incurred to purchase, upgrade or construct physical assets (for e.g. buildings) for which there will be a long-term benefit. Long-term is defined as longer than one year.

Operational expenditure is expenditure incurred to purchase goods or services for which there will be a short-term benefit and which has been incurred in the normal course of business. Short-term is defined as less than one year.

An approved and contracted for commitment is where the expenditure has been approved and the contract has been awarded, service level agreement signed (where applicable) or any other pertinent authorisation has been granted at the end of the financial year/reporting date.

An approved and not yet contracted for commitment is where the expenditure has been approved and the contract has been awarded but awaiting finalisation of the service level agreement (where applicable) or any other authorisation pertinent to the contract at the end of the financial year/reporting date.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

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

- the municipality has transferred to the purchaser 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 or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Msunduzi Local Municipality

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Accounting Policies

1.19 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of municipality assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Msunduzi Local Municipality

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

When the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and other funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the grant agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Msunduzi Local Municipality

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.21 Bad debts written off

Before any debt is written off it is proved that the debt has become irrecoverable.

Irrecoverable debt is debt which can not be traced successfully; and after all reasonable steps were taken to recover the debt.

Bad debt write offs are considered in terms of cost benefit; when it becomes too costly to recover and the chances of collecting the debt are remote, a write off is considered.

The identified bad debts to be written off are presented to council for approval.

1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

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Accounting Policies

1.24 Accounting by principals and agents (continued)

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions (Refer to Note 69).

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

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

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of Standards of GRAP.

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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

1.26 Unauthorised expenditure

Unauthorised expenditure means:

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Accounting Policies

1.26 Unauthorised expenditure (continued)

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is disclosed in a note to the financial statements as an expense in the period that the expenditure is incurred.

1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is disclosed in the notes to the financial statement in the period that the expenditure is incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is disclosed inclusive of VAT.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the municipal council may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.29 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.

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Accounting Policies

1.30 Internal reserves

Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies.

Subsequent to the implementation of GRAP in 2008, Reserves and Funds had to be discontinued as they are not permissible in terms of GRAP. However, the National Treasury determined that the CRR is one of the few funds and reserves that are allowed.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance the capital replacement of major components of Infrastructure Assets in the event of technical failure. For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. Revaluation Surplus Reserve. Therefore, situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Statement of Changes in Net Assets thereby circumventing the Statement of Financial Performance.

The CRR will only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and will not be used for the maintenance of such items.

Self - Insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. The self-insurance scheme has a policy that is aligned with the practice in the insurance industry. The balance of the self-insurance reserve is determined based on surpluses accumulated since inception.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the insurance industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

1.31 Revaluation reserve

The increase arising from the revaluation of property, plant and equipment is credited to a revaluation reserve. The revaluation surplus is realised upon disposal of artworks and jewellery. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.32 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Msunduzi Local Municipality

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Accounting Policies

1.32 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.33 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by a municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts exceeding 10 percent are obtained monthly for the preparation of the Section 71 reporting and used during the audit process.

The threshold for which reasons for variances are provided is 10% and above.

1.34 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Msunduzi Local Municipality

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Accounting Policies

1.35 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and 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.

1.36 Living resources

Living resources (Game animals) are those resources that undergo biological transformation.

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

Agricultural activity is the management by an municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Group of resources means a grouping of living of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Msunduzi Local Municipality

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Accounting Policies

Living resources (continued)

Useful life is the period over which an asset is expected to be available for use by an municipality, or the number of production or similar units expected to be obtained from the asset by an municipality.

Recognition

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Msunduzi Local Municipality

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Accounting Policies

Living resources (continued)

Measurement after recognition

Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is allocated on a systematic basis over its useful life.

The municipality assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of a living resource have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change(s) is accounted for as a change in an accounting estimate.

In assessing whether there is any indication that the expected useful life of the living resource has changed, the municipality considers the following indications:

- (a) The use of the living resource has changed, because of the following:
 - The municipality has changed the manner in which the living resource is used.
 - The municipality has made a decision to dispose of the living resource in a future reporting period(s) such that this decision changes the expected period over which the living resource will be used.
 - Legislation, government policy or similar means have been amended or implemented during the reporting period that have, or will, change the use of the living resource.
 - The living resource was idle or retired from use during the reporting period.
- (b) The living resource is approaching the end of its previously expected useful life.
- (c) There is evidence that the condition of the living resource improved or declined based on assessments undertaken during the reporting period.
- (d) The living resource is assessed as being impaired.

In assessing whether there is any indication that the expected residual value of the living resource has changed, the municipality considers whether there has been any change in the expected timing of disposal of the living resource, as well as any relevant indicators as noted above.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The useful lives of items of living resources have been assessed as follows:

Item	Depreciation method	Average useful life
Giraffe	Straight-line	25 years
Zebra	Straight-line	30 years
Blue Wildebeest	Straight-line	20 years
Inyala	Straight-line	20 years
Impala	Straight-line	15 years
Bush buck	Straight-line	15 years
Reed buck	Straight-line	15 years

Msunduzi Local Municipality

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Accounting Policies

Living resources (continued)

Impairment

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

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Transfers

Transfers from living resources are made when the particular asset no longer meets the definition of a living resource and/or is no longer within the scope of this accounting policy.

Transfers to living resources are made when the asset meets the definition of a living resource.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

1.37 Value Added Tax (VAT)

VAT is payable on the receipt and payment basis.

The transaction date is referred to as the "time of supply". Time of supply applies to certain supplies as the prevailing rate of VAT on that date will apply to the transaction concerned.

- before 1 April 2018 – a VAT rate of 14% will apply;
- on or after 1 April 2018 – a VAT rate of 15% will apply.

1.38 Expenditure

An expense is a decrease in the net financial position of the entity, other than decreases arising from ownership distributions.

An expense arises from exchange and non-exchange transactions, other events such as unrealised increases and decreases in the value of assets and the consumption of assets through depreciation and erosion of service potential and ability to generate economic benefits through impairments.

An expense may arise from individual transactions or groups of transactions.

Expenses are recognised in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. The recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

Expenses encompasses losses as well as those expenses that arise in the course of the operating activities of the municipality.

Losses represent other items that meet the definition of expenses and may, or may not, arise in the course of the operating activities of the entity. Losses represent decreases in economic benefits or service potential and as such, they are no different in nature from other expenses.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Not expected to impact results but may result in additional disclosure.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The Municipality is currently assessing the impact and it is expected to be impact is material.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact.

3. Inventories

Consumable stores	56 349 571	34 059 979
Materials and supplies	55 549 249	41 310 862
Water for distribution	1 348 308	1 620 082
Land inventory	306 876 224	292 004 270
	420 123 352	368 995 193

Inventory are recorded using the weighted average cost method.

Inventory expensed during the year R739 394 758 : (R821 790 405)

Inventory are carried at lower of cost or net realisable value except for land carried at current replacement cost.

Inventory losses - consumables for the year (R 2 457 117) (2022 : (R1 089 538)).

Consumable stores comprises mainly of fuel inventory, stationery, detergents and street fittings amongst other items.

Inventory pledged as security

No inventory was pledged as security for either overdraft facilities or any financial liabilities of the municipality.

4. Short term investment

Compensation for Occupational Injuries and Diseases Investment (COID)	23 254 864	32 670 009
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Reconciliation of short term investment

Opening balance	32 670 009	32 311 434
Interest on maturity	2 172 556	1 688 272
Redemption	(34 842 565)	(33 999 706)
Re-investment	23 254 864	32 670 009
Closing balance	23 254 864	32 670 009

COID short term investment invested at 9,25 % (2022: 6,65%).

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Short term investment (continued)		
The current fixed deposit was invested with Standard Bank and will mature on the 1st of April 2024.		
The 12 month fixed deposit is re-invested annually.		
5. Other debtors		
Net balance		
Accrued revenue	15 060	12 648
Cashier's shortages	-	22 268
Forestry receivable	13 058 187	13 058 187
Advance payment : land expropriation acquisition GEVDI	75 518 214	-
Independent Development Trust	-	-
Interest accrual on bank and call accounts	339 894	67 841
Interest accrual on investment	548 082	571 412
Library receivable	7 000 000	7 000 000
Overtime recovery	64 398	74 398
Prepaid electricity	448 685	381 481
Staff deductions - debit order	93 046	112 419
	97 085 566	21 300 654
Gross balance		
Accrued revenue	15 060	12 648
Cashier's shortages	22 268	22 268
Forestry receivable	13 058 187	13 058 187
Independent Development Trust	108 836 507	108 836 507
Interest accrual on bank and call accounts	339 894	67 841
Interest accrual on investment	548 082	571 412
Land sale debtors	66 386	66 386
Library receivable	7 000 000	7 000 000
Overtime recovery	64 398	74 398
Prepaid electricity	448 685	381 481
Staff recoveries	93 046	112 419
GEVDI advance payment	75 518 214	-
	206 010 727	130 203 547
Less : Allowance for impairment		
Independent Development Trust	(108 836 507)	(108 836 507)
Land sale debtors	(66 386)	(66 386)
Cashier's shortages	(22 268)	-
	(108 925 161)	(108 902 893)

Other debtors pledged as security

There are no other debtors pledged as security for any financial liabilities of the municipality.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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5. Other debtors (continued)

Credit quality of other debtors

The credit quality of other debtors are neither past due nor impaired except for land sale debtors, and IDT.

There is an ongoing dispute between IDT and Msunduzi Local Municipality on an amount that was paid by Msunduzi Local Municipality to IDT for the implementation of infrastructure projects. IDT was appointed as an implementing agent and advance payments were made to IDT during 2011/12 and 2012/13 financial years. The projects were implemented; however, IDT was unable to account for work amounting to R108 836 507. The receivable has been fully impaired since IDT is disputing the receivable.

During the year ended, the municipality has sought advice from attorneys on the further progression of the matter, upon which it was decided that an expert be procured. Said expert was indeed contracted, and a report has been produced. The municipality is currently considering its claim particulars in light of the expert report. Further pre-trial process relating to discovery of documents and expert witness will be the next step.

Other debtors past due but not impaired

Other debtors which are past due and not impaired. At 30 June 2023 R20 058 187 (2022: R13 080 455).

Other debtors impaired

The amount of the provision was R108 925 161 as of 30 June 2023 (2022: R108 902 893).

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
6. Statutory receivables		
Net balance		
Consumer debtors - rates	763 639 957	601 927 146
Fines	1 463 924	2 540 069
	765 103 881	604 467 215
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtors - rates	763 639 957	601 927 146
Fines	1 463 924	2 540 069
	765 103 881	604 467 215
Gross balances		
Consumer debtors - rates	1 469 918 782	1 371 824 090
Fines	124 299 753	106 746 008
	1 594 218 535	1 478 570 098
Less: Allowance for impairment		
Consumer debtors - rates	(706 278 825)	(769 896 944)
Fines	(122 835 829)	(104 205 939)
	(829 114 654)	(874 102 883)
Total Consumer debtors - rates		
Current	109 497 499	106 455 264
0 - 30 days	43 580 352	66 938 737
31 - 60 days	33 920 231	31 807 172
61 - 90 days	28 316 949	29 394 937
91 - 120 days	28 416 729	32 477 466
121 - 365 days	214 152 399	214 431 109
> 365 days	1 012 034 623	890 319 405
	1 469 918 782	1 371 824 090
Fines		
Current (0-30 days)	574 450	722 700
31 - 60 days	1 093 550	1 763 500
61 - 90 days	4 188 980	3 921 490
91 - 120 days	5 697 420	3 135 300
121 - 365 days	7 016 150	3 373 650
> 365 days	105 729 203	93 829 368
	124 299 753	106 746 008
Summary of debtors by customer classification - rates		
Industrial/Commercial		
Current	37 668 589	34 178 270
0 - 30 days	11 338 291	12 842 555
31 - 60 days	7 750 107	7 578 423
61 - 90 days	5 858 822	7 378 916
91 - 120 days	5 839 053	11 196 463
121 - 365 days	43 007 242	54 693 432
> 365 days	151 255 136	169 898 883
	262 717 240	297 766 942
Government		

Msunduzi Local Municipality

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Figures in Rand	2023	2022
6. Statutory receivables (continued)		
Current	15 102 902	11 620 510
0 - 30 days	4 634 838	16 507 733
31 - 60 days	3 306 501	3 547 242
61 - 90 days	2 846 184	3 003 294
91 - 120 days	2 709 625	2 784 051
121 - 365 days	20 017 364	19 995 487
> 365 days	59 411 580	74 630 492
	108 028 994	132 088 809
Consumers		
Current	56 726 008	60 656 484
0 - 30 days	27 607 222	37 588 449
31 - 60 days	22 863 623	20 681 507
61 - 90 days	19 611 943	19 012 727
91 - 120 days	19 868 050	18 496 952
121 - 365 days	151 127 794	139 742 190
> 365 days	801 367 908	645 790 030
	1 099 172 548	941 968 339
Reconciliation of allowance for impairment - Statutory receivables		
Balance at beginning of the year	(874 102 883)	(694 879 480)
(Increase)/decrease in impairment contribution	44 988 230	(179 223 403)
Balance at end of year	(829 114 653)	(874 102 883)
Consumer debtors - rates		
Balance at beginning of the year	(769 896 944)	(603 590 181)
(Increase)/decrease in impairment contribution	63 618 120	(166 306 763)
Balance at end of year	(706 278 824)	(769 896 944)
Fines		
Balance at beginning of the year	(104 205 939)	(91 289 299)
(Increase)/decrease in impairment contribution	(18 629 890)	(12 916 640)
Balance at end of year	(122 835 829)	(104 205 939)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines

The two types of traffic fines that are issued are :

- Traffic fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- Traffic fines issued in terms of the Criminal Procedures Act.

Property rates

The Municipal Property Rates Act No. 06 of 2004 governs property rates billed. The Act regulates, the power of the municipality to impose rates on properties; to exclude certain properties from rating in the national interest; to make provisions for the municipality to implement a transparent and fair system of exemptions, reductions and rebates through the municipalities rates policy, making provisions for fair and equitable valuation methods of properties and to make provisions for objections and appeals.

Msunduzi Local Municipality

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6. Statutory receivables (continued)

Determination of transaction amount

Traffic fines

Traffic fines are issued in terms of the AARTO Act by way of notices to offenders which specify the value of the fine that must be paid, along with any discount that can be applied if the fine is paid within a specific period of time.

Traffic fines issued in terms of the Criminal Procedures Act are usually issued by way of notice to offenders, and can :

- indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or
- indicate that the offender must appear in Court on a specified date (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Property rates

Property rates are levied in terms of the municipality's rates policy, which is aligned to the Municipal Property Rates Act No. 6 of 2004.

The amount of rates levied by the municipality on properties, is the rate randage

- On the market value of the property;
- In the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value as contemplated in section 17(1)(a) of the Municipal Property Rates Act of 2004 or on such a lower percentage as the minister determines in terms of section 17(4) of the Municipal Property Rates Act of 2004;
- In the case of property to which section 17(1) (h), of the Municipal Property Rates Act of 2004, applies on the market value of the property less the amount stated in that section, or on such amount as the Minister may determine.

Refer to Note 36 for rate randages.

Interest or other charges levied/charged

Traffic fines

No interest is levied on traffic fines.

Property rates

The following are charges that may be charged in addition to rates levied:

- Interest on outstanding rates billed:
Interest shall be charged on all rates arrears in terms of section 64(g) of the Municipal Finance Management Act and the Municipal Systems Act.

The municipality has a Credit control policy that is approved by council. The credit control policy states that amounts on accounts, which remain unpaid after the due date shall attract interest irrespective of the reasons for non-payment. Interest will be charged at a rate of 7%, which is the annual interest rate as per approved tariff register.

- In addition to interest charged in respect of any property, collection charges shall accrue as follows:
As from the last working day, an amount representing ten per cent (10%) of the capital amount of the rates then in arrear in terms of Section 75A 1(b) of the Municipal Systems Act;

On the grant of a court order, a further amount representing ten per cent (10%) of the capital amount of the rates then in arrear in terms of Section 75A 1(b) of the Municipal Systems Act.

Msunduzi Local Municipality

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6. Statutory receivables (continued)

Basis used to assess and test whether a statutory receivable is impaired

Traffic fines

The municipality assesses at each reporting date whether there is any indication that the traffic fines 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.

Property rates

Impairment regarding property rates are assessed collectively in terms of the municipality's impairment policy. Each debtor is classified into their risk profiles based on total services outstanding.

The difference between the carrying-value at reporting date less the present value of expected future cash flows, determines if impairment needs to be provided for. This is in terms of GRAP 108.

Discount rate not applied to the estimated future cash flows

Considering the fact that traffic fines payments are short term in nature discounting is not performed as it is immaterial.

Statutory receivables past due but not impaired

Statutory receivables which are past due and not impaired. At 30 June 2023 R103 623 967 (2022: R111 407 821).

Statutory receivables impaired

The amount of the provision is R829 114 653 as of 30 June 2023 (2022: R874 102 883).

Factors the entity considered in assessing statutory receivables impaired

Traffic fines

Past history patterns and peculiarity of traffic fines.

Collection rates

Property rates

Past history payment of debtors and the debtors risk profiling. Accounts outstanding that are above a million are considered material and are assessed separately based on their recovery of debt.

There are no statutory receivables pledged as security for any liability.

Msunduzi Local Municipality

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7. Consumer debtors		
Gross balances		
Electricity	875 490 340	856 847 392
Other service charges	286 385 036	304 099 117
Property rental	59 892 590	55 962 639
Refuse	258 154 726	238 154 310
Sanitation	479 709 272	444 046 136
Water	3 130 817 455	2 710 955 071
	5 090 449 419	4 610 064 665
Less: Allowance for impairment		
Electricity	(259 045 032)	(255 542 998)
Other service charges	(175 279 560)	(216 558 467)
Property rental	(33 500 040)	(36 139 491)
Refuse	(155 952 283)	(159 099 137)
Sanitation	(274 605 106)	(277 255 402)
Water	(2 034 857 400)	(1 872 482 395)
	(2 933 239 421)	(2 817 077 890)
Net balance		
Electricity	616 445 308	601 304 394
Other service charges	111 105 476	87 540 650
Property rental	26 392 550	19 823 148
Refuse	102 202 443	79 055 173
Sanitation	205 104 166	166 790 734
Water	1 095 960 055	838 472 676
	2 157 209 998	1 792 986 775
Electricity		
Current	182 644 312	209 203 858
0 -30 days	94 573 922	80 965 264
31 - 60 days	28 082 334	38 780 567
61 - 90 days	20 543 814	14 983 633
91 - 120 days	22 036 253	14 054 130
121 - 365 days	113 775 110	87 463 422
> 365 days	413 834 595	411 396 518
	875 490 340	856 847 392
Water		
Current	90 138 847	93 874 840
0 -30 days	62 482 172	58 922 907
31 - 60 days	70 638 321	51 211 613
61 - 90 days	49 859 924	46 404 252
91 - 120 days	55 008 436	56 168 447
121 - 365 days	499 821 309	338 327 010
> 365 days	2 302 868 446	2 066 046 002
	3 130 817 455	2 710 955 071

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Figures in Rand	2023	2022
7. Consumer debtors (continued)		
Sanitation		
Current	21 532 008	20 037 733
0 -30 days	10 588 984	10 251 044
31 - 60 days	8 333 694	7 558 552
61 - 90 days	7 433 172	7 026 897
91 - 120 days	7 460 012	7 099 319
121 - 365 days	53 675 856	50 486 258
> 365 days	370 685 546	341 586 333
	479 709 272	444 046 136
Other service charges		
Current	9 918 162	1 521 420
0 -30 days	1 247 143	1 274 951
31 - 60 days	1 017 201	983 711
61 - 90 days	1 270 413	1 274 788
91 - 120 days	1 392 114	1 502 785
121 - 365 days	7 877 030	10 426 185
> 365 days	263 662 973	287 115 277
	286 385 036	304 099 117
Refuse		
Current	10 096 078	13 282 767
0 -30 days	5 625 331	5 490 510
31 - 60 days	4 345 697	4 115 105
61 - 90 days	4 165 524	3 792 624
91 - 120 days	4 282 057	3 693 553
121 - 365 days	29 411 807	27 002 298
> 365 days	200 228 231	180 777 453
	258 154 725	238 154 310
Property rental		
Current	1 534 509	1 691 558
0 -30 days	2 452 360	2 968 599
31 - 60 days	851 800	177 353
61 - 90 days	837 126	795 689
91 - 120 days	691 405	50 155
121 - 365 days	5 478 981	7 063 761
> 365 days	48 046 409	43 215 524
	59 892 590	55 962 639

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
7. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current	125 351 984	140 544 744
0 -30 days	92 413 993	86 193 179
31 - 60 days	93 534 108	68 121 260
61 - 90 days	68 563 930	60 349 393
91 - 120 days	73 230 514	68 997 541
121 - 365 days	622 913 862	430 178 377
> 365 days	3 340 067 968	3 029 072 965
	4 416 076 359	3 883 457 459
Industrial/ commercial		
Current	167 956 761	165 969 053
0 -30 days	64 863 215	61 033 275
31 - 60 days	16 323 281	31 926 600
61 - 90 days	13 998 911	11 763 952
91 - 120 days	15 960 787	11 715 911
121 - 365 days	80 334 324	77 825 329
> 365 days	236 992 908	252 950 389
	596 430 187	613 184 509
National and provincial government		
Current	22 555 170	33 098 380
0 -30 days	19 692 705	12 646 822
31 - 60 days	3 411 658	2 779 040
61 - 90 days	1 547 133	2 164 539
91 - 120 days	1 678 975	1 854 937
121 - 365 days	6 791 907	12 765 227
> 365 days	22 265 325	48 113 752
	77 942 873	113 422 697
Total		
Current	315 863 915	339 612 177
0 -30 days	176 969 913	159 873 276
31 - 60 days	113 269 046	102 826 900
61 - 90 days	84 109 973	74 277 884
91 - 120 days	90 870 276	82 568 389
121 - 365 days	710 040 093	520 768 934
> 365 days	3 599 326 203	3 330 137 105
	5 090 449 419	4 610 064 665
Less: Allowance for impairment		
Less allowance for impairment	(2 933 239 421)	(2 817 077 890)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(2 817 077 890)	(2 056 489 128)
Contributions to allowance	(116 161 531)	(760 588 762)
Balance at end of year	(2 933 239 421)	(2 817 077 890)

For bad debts written off refer to Note 41.

Msunduzi Local Municipality

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7. Consumer debtors (continued)

Consumer debtors pledged as security

There are no consumer debtors pledged as security for overdraft facilities of the municipality.

Consumer debtors past due but not impaired

Consumer debtors which are past due and not impaired. At 30 June 2023 R49 285 588 (2022: R75 098 936)

Consumer debtors impaired

Consumer debtors impaired R2 933 239 421 (2022: R2 817 077 890).

Msunduzi Local Municipality

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8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	25 776	27 945
Bank balances	186 075 948	65 068 507
Short-term deposits	325 300 285	224 056 388
	511 402 009	289 152 840

Average rate of return is based on average interest rate on all bank and investment accounts 8.20 % (2022:4.32%)

Due to the short term nature of these investments, no amortisation was performed.

No cash and cash equivalents were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash except for unspent conditional grants and receipts.

The municipality had the following bank and investment accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
FNB - No: 50941827782 (Primary) Demand deposit	165 454 243	51 681 911	157 148 585	48 478 608
FNB - No: 50940058750 (Electronic Transfers) Demand deposit	-	-	288 303	(18 687)
FNB - No: 50941840627 (Market) Demand deposit	5 290 128	2 897 380	5 290 128	2 897 380
FNB - No: 62069378539 (Oribi Airport)	12 669 988	979 964	12 669 988	979 964
FNB - No: 62003432846 (Salaries PACs No 1) Demand deposit	70 939	742 313	70 939	742 313
FNB - No: 62006041157 (Post Office) Demand deposit	-	-	10 608 004	11 988 931
FNB - No: 62045272143 (Traffic fines) Demand deposit	-	-	-	-
FNB - No: 62548639725 (Airport Development Fund) Call account	26 202	24 529	26 202	24 529
FNB - No: 62548629403 (MIG Grant) Call account	26 705	9 682	26 705	9 682
FNB - No: 62548623231 (Unspent Conditional Grant) Call account	115 577 204	140 232 671	115 577 204	140 232 671
FNB - No: 62856957588 (Housing Projects: Principal-Agent) Call account	15 744 624	20 652 278	15 744 624	20 652 278
FNB - No: 62548634460 (Insurance Fund) Call account	7 248 160	573 884	7 248 160	573 884
FNB - No: 62548632901 (MHOA) Call account	51 674 829	48 986 857	51 674 829	48 986 856
FNB - No: 62548630822 (Housing Accreditation) Call account	11 395 583	10 667 245	11 395 583	10 667 245
FNB - No: 62551687563 (VAT Recovery Grant) Call account	944 741	884 443	944 741	884 443
FNB - No: 62531891879 (General Reserves) Call account	45 620 222	-	45 620 222	-
FNB - No: 62600253984 (VAT Refund - CRR) Call account	4 605 111	785 902	4 605 111	785 902
	-	-	-	-
ABSA - No: 9317549203(7 Day Notice)	72 436 905	1 238 896	72 436 905	1 238 896
Total	508 785 584	280 357 955	511 376 233	289 124 895

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9. Agricultural assets

	2023			2022		
	Cost / Valuation	Fair value adjustments	Carrying value	Cost / Valuation	Fair value adjustments	Carrying value
Biological assets - Consumable	80 200 000	(4 400 000)	75 800 000	96 300 000	(16 100 000)	80 200 000

Reconciliation of Agricultural assets - 2023

	Opening balance	Fair value adjustments	Total
Biological asset - Consumable	80 200 000	(4 400 000)	75 800 000

Reconciliation of Agricultural assets - 2022

	Opening balance	Fair value adjustments	Total
Biological assets - Consumable	96 300 000	(16 100 000)	80 200 000

Non-financial information

The municipality owns a plantation forest that produces felled trees for timber production, separately disclosed as consumable biological assets.

There were no harvests of timber in the current year (2022: Nil).

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to note 77 for risk management strategies on agricultural assets.

Pledged as security

No agricultural assets have been pledged as security.

Restrictions imposed by regulations

There are no agricultural assets whose use or capacity to sell is subject to restrictions imposed by regulations.

Methods and assumptions used in determining fair value

The valuation at 30 June 2023 was performed by Stephen de Klerk.

The decrease is as a result of the loss in value of the plantation not harvested on time and the increase in plantation costs.

Stephen de Klerk is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of agricultural assets.

The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices.

Msunduzi Local Municipality

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10. Living resources

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game animals	988 150	(412 260)	575 890	1 110 250	(414 071)	696 179

Reconciliation of living resources - 2023

	Opening balance	Increase due to births	Decrease due to deaths	Depreciation	Total
Game animals	696 179	1 600	(69 017)	(52 872)	575 890

Reconciliation of living resources - 2022

	Opening balance	Increase due to births	Decrease due to deaths	Depreciation	Total
Game animals	743 574	60 000	(53 759)	(53 636)	696 179

Entity as custodian

Msunduzi Local Municipality does not have any custodial responsibility for game animals held on behalf of other entities, including the legislation or similar means that establishes the custodial responsibility over the living resources.

Living resources borrowed from other entities

There are no resources borrowed from other entities.

Living resources on loan to other entities

There are no living resources on loan to other entities.

Title restrictions

There are no living resources whose title is subject to restrictions.

Restrictions on use or capacity to sell

There are no living resources which are subject to restrictions on use or capacity to sell.

Pledged as security

No living resources have been pledged as security for any financial liabilities.

Msunduzi Local Municipality

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10. Living resources (continued)

Compensation from third parties

There was no compensation from third parties for living resources that were impaired, lost or given up during the current financial year.

General Information

Msunduzi Local Municipality Bisley Nature Reserve's main purpose is the conservation of a representative system of biodiversity encompassing fauna, flora and unique scenery within the nature reserve. The municipality does not manage the reserve for reproduction of biodiversity.

The municipality is involved in biological transformation of fauna and flora primarily as a service to the community for the main purpose of recreation rather than for sale.

Other information

Msunduzi Local Municipality has elected the cost model to account for Living resources.

A physical verification of living resources was performed by the conservation department from 10 to 19 May 2023.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Other information

The cost of the species was determined with reference to KZN Ezemvelo Wildlife auction prices.

Msunduzi Local Municipality

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11. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Crematoriums	9 359 518	(3 256 965)	6 102 553	9 359 518	(26 921)	9 332 597
Jewellery	1 380 000	-	1 380 000	1 185 000	-	1 185 000
Museums and art gallery	23 315 797	(340 927)	22 974 870	23 315 796	(42 806)	23 272 990
Parks	2 487 909	(1 185 172)	1 302 737	2 487 908	-	2 487 908
Stadiums	3 961 964	(2 069 239)	1 892 725	3 961 963	(49 755)	3 912 208
Other	2 095 896	(867 298)	1 228 598	2 095 896	-	2 095 896
Artworks	246 700 696	(6 863 809)	239 836 887	237 670 729	(6 863 808)	230 806 921
Total	289 301 780	(14 583 410)	274 718 370	280 076 810	(6 983 290)	273 093 520

Reconciliation of heritage assets 2023

	Opening balance	Revaluation increase	Impairment losses recognised	Total
Crematoriums	9 332 597	-	(3 230 044)	6 102 553
Jewellery	1 185 000	195 000	-	1 380 000
Museums and art gallery	23 272 990	-	(298 120)	22 974 870
Parks	2 487 908	-	(1 185 172)	1 302 737
Stadiums	3 912 208	-	(2 019 485)	1 892 725
Other	2 095 896	-	(867 298)	1 228 598
Artworks	230 806 921	9 029 966	-	239 836 887
	273 093 520	9 224 966	(7 600 119)	274 718 370

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11. Heritage assets (continued)

Reconciliation of heritage assets 2022

	Opening balance	Additions	Revaluation decrease	Impairment losses recognised	Total
Crematoriums	9 332 597	-	-	-	9 332 597
Jewellery	1 185 000	-	-	-	1 185 000
Museums and art gallery	23 272 990	-	-	-	23 272 990
Parks	2 487 908	-	-	-	2 487 908
Stadiums	3 912 208	-	-	-	3 912 208
Other	2 095 896	-	-	-	2 095 896
Artworks	230 619 885	336 000	(122 698)	(26 266)	230 806 921
	272 906 484	336 000	(122 698)	(26 266)	273 093 520

Restrictions on heritage assets

There are no ownership and disposal restrictions on heritage assets.

There are no contractual commitments for the acquisitions, maintenance and restoration of heritage assets

Pledged as security

No heritage assets have been pledged as security for any financial liabilities.

Contractual commitments for the acquisition, maintenance and restoration of heritage assets

There are no contractual commitments for the acquisitions, maintenance and restoration of heritage assets.

Revaluations

Heritage assets

Artworks and jewellery whose fair value can be measured reliably are carried at the revalued amount, being their fair value at the date of valuation less any subsequent impairment losses.

Artworks have been valued as at 30 June 2023.

According to the municipality's accounting policy, artworks are revalued every 4 years.

Jewellery has been valued as at 30 June 2023.

According to the municipality's accounting policy, jewellery is revalued every 4 years.

The valuation of artworks was performed by Harriet Marry Gilfillan who is an independent professional appraiser and has experience in the valuation of artworks and jewellery.

The valuations were arrived at by reference to market analysis, market records and trends relating to each artist and type of artwork was researched in order to arrive at a fair value.

The increase in the values is as a result of current market records at auctions in recent years, the passage of time for artworks created by prominent artists and collections whose market has shifted from auction houses to specialist dealerships.

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11. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

The following heritage assets were not recognised due to a reliable measurement not being possible on initial recognition is as follows:

Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of five libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations.

Expenditure incurred to repair and maintain heritage assets

There were no repairs and maintenance costs incurred in the current year.

Msunduzi Local Municipality

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12. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other Servitudes	118 386 088 803 846	(95 276 677) -	23 109 411 803 846	110 270 044 803 846	(90 119 442) -	20 150 602 803 846
Total	119 189 934	(95 276 677)	23 913 257	111 073 890	(90 119 442)	20 954 448

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other Servitudes	20 150 602 803 846	8 116 044 -	(5 157 235) -	23 109 411 803 846
	20 954 448	8 116 044	(5 157 235)	23 913 257

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other Servitudes	23 659 725 803 846	2 528 200 -	(6 037 323) -	20 150 602 803 846
	24 463 571	2 528 200	(6 037 323)	20 954 448

Pledged as security

No intangible assets have been pledged as security for any financial liabilities.

Msunduzi Local Municipality

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12. Intangible assets (continued)		
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Opening balance	2 528 200	-
Additions	-	2 528 200
Transferred to completed assets	(2 528 200)	-
	-	2 528 200

Restricted title

There are no intangible assets whose title is restricted.

Details of valuation

Servitudes were assessed for impairment using the depreciated replacement cost method. The software was assessed for impairment based on utilisation by the municipality.

Servitudes have an infinite useful life as they are rights held by the municipality to property.

The software were assessed for impairment based on utilisation by the municipality.

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Figures in Rand

13. Investment property

	2023			2022		
	Valuation at the beginning of the year	Fair value adjustments/ Additions	Carrying value	Valuation at the beginning of the year	Fair value adjustments/ Additions	Carrying value
Land and buildings	923 509 345	29 552 776	953 062 121	892 583 607	30 925 738	923 509 345

Reconciliation of investment property - 2023

	Opening balance	Work in progress	Transfers	Fair value adjustments	Total
Land and buildings	923 509 345	4 366 559	(2 938 484)	28 124 701	953 062 121

Reconciliation of investment property - 2022

	Opening balance	Work in progress	Fair value adjustments	Total
Land and buildings	891 933 606	16 768 574	14 807 164	923 509 345

Pledged as security

No investment property has been pledged as security for any financial liabilities.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
13. Investment property (continued)		
Investment property in the process of being constructed or developed		
Included within land and buildings		
Opening balance	32 209 847	15 441 272
Additions	4 366 559	16 768 574
Transferred to completed assets	(8 319 469)	-
	28 256 937	32 209 846
Carrying value of Investment property that is taking a significantly longer period of time to complete than expected		
Jika Joe Housing	28 256 937	32 209 847
The project was delayed due to national steel and other raw material shortages, adverse weather conditions. The project is 99% complete and is expected to be complete by 30 September 2023.		
	28 256 937	32 209 847

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The valuation at 30 June 2023 was performed by Finley Hamilton an independent valuer.

Finley Hamilton has recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

Adjustments to the valuation is attributable to change in market value of investment property

The overall increase in the fair value adjustment of properties is in line with nominal property growth escalation in the market, and this is confirmed by the FNB residential price index as published from July 2022 to June 2023, averaging at 3%.

Finley Hamilton is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of investment properties. The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices for similar properties.

Investment property has been accounted for in terms of GRAP 16 and comprises both land and buildings owned by Msunduzi Municipality. Investment property is not depreciated but annually valued at year end in order to determine their fair value as prescribed in GRAP 16.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	19 619 148	25 018 757
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The municipality does not hold any operating property interest.

There were no repairs, maintenance and direct operating expenses related to investment property incurred in the current year.

Tenants are responsible for repairs and maintenance.

Included in Investment property is vacant land which has been invaded/illegally occupied. The land has a carrying value of R16 425 000 (2022 : R14 756 000).

The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

Msunduzi Local Municipality

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14. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	1 223 494 487	(352 812 445)	870 682 042	1 225 430 676	(339 573 641)	885 857 035
Infrastructure	9 523 389 447	(4 105 258 935)	5 418 130 512	9 041 856 197	(3 835 434 610)	5 206 421 587
Community assets	859 156 637	(413 149 118)	446 007 519	823 379 140	(394 679 914)	428 699 226
Other assets	997 676 026	(688 329 493)	309 346 533	1 070 775 918	(684 260 322)	386 515 596
Total	12 603 716 597	(5 559 549 991)	7 044 166 606	12 161 441 931	(5 253 948 487)	6 907 493 444

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	885 857 035	-	-	(7 610 213)	5 674 024	(13 238 804)	-	870 682 042
Infrastructure	5 206 421 587	-	(802 837)	65 493 998	417 065 776	(266 685 915)	(3 362 097)	5 418 130 512
Community assets	428 699 226	-	-	(6 355 381)	42 132 878	(17 817 053)	(652 151)	446 007 519
Other assets	386 515 596	17 532 269	(1 971 409)	(58 606 024)	1 993 756	(34 500 507)	(1 617 148)	309 346 533
	6 907 493 444	17 532 269	(2 774 246)	(7 077 620)	466 866 434	(332 242 279)	(5 631 396)	7 044 166 606

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Work in progress	Depreciation	Impairment loss	Total
Land and buildings	906 432 234	-	-	(15 209 828)	8 332 128	(13 697 499)	-	885 857 035
Infrastructure	5 011 941 450	-	-	62 557 827	420 276 476	(284 769 768)	(3 584 398)	5 206 421 587
Community assets	434 478 194	-	-	(7 213 295)	19 700 761	(18 265 802)	(632)	428 699 226
Other assets	417 757 796	32 123 659	(1 332 323)	(47 939 761)	30 638 192	(42 875 442)	(1 856 525)	386 515 596
	6 770 609 674	32 123 659	(1 332 323)	(7 805 057)	478 947 557	(359 608 511)	(5 441 555)	6 907 493 444

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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14. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment has been pledged as security for any financial liabilities.

Other information

Refer to Appendix A for detailed property, plant and equipment schedule.

During the year the municipality undertook a conditional assessment of fixed assets, which culminated in the additional decreases/increases in remaining useful lives of assets.

The municipality applies the depreciated replacement cost method to calculate impairment.

Property plant and equipment were impaired by R5 631 396 (2022 : R6 885 251) as a result of conditional assessment.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Invaded land

Included in Property, plant and equipment is vacant land which has been invaded/illegally occupied. The land has a carrying value of R25 222 261 (2022 : R25 222 261). The illegally occupied land is not considered impaired by management as the service potential is not considered affected as this land is addressed by the Rapid urbanisation management within the parameters of the approved land use scheme.

Reconciliation of Work-in-Progress 2023

	Included within land and buildings	Included within infrastructure	Included within community assets	Included within other assets	Total
Opening balance	49 219 961	1 203 378 613	84 452 563	70 614 239	1 407 665 376
Additions	5 674 024	417 065 776	42 132 878	1 993 756	466 866 434
Transferred to completed assets	(17 555 913)	(535 834 272)	(36 630 084)	(68 345 539)	(658 365 808)
	37 338 072	1 084 610 117	89 955 357	4 262 456	1 216 166 002

Reconciliation of Work-in-Progress 2022

	Included within land and buildings	Included within infrastructure	Included within community assets	Included within other assets	Total
Opening balance	57 979 823	997 590 841	76 706 893	87 915 807	1 220 193 364
Additions	8 332 128	420 276 475	19 700 761	30 638 193	478 947 557
Transferred to completed assets	(17 091 989)	(214 488 703)	(11 899 253)	(47 939 761)	(291 419 706)
	49 219 962	1 203 378 613	84 508 401	70 614 239	1 407 721 215

Msunduzi Local Municipality

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Figures in Rand	2023	2022
14. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	138 997 474	128 498 443
Infrastructure assets	70 974 470	80 175 439
Other assets	41 714 733	30 215 690
	251 686 677	238 889 572

Repairs and maintenance on property, plant and equipment is included in General expenses, inventory consumed and operating leases.

Projects taking a significantly longer period of time to complete than expected	Reason for project taking long	2023	2022
IRPTN project	This is a multi year project. Phase 1 of the project has been completed and capitalised. b) Phase 2 of the project is currently at its design stages and has been delayed due to funding application processes for the grant.	71 935 584	299 050 735
Youth Enterprise Park	The project is complete and has been capitalised.	-	143 025
Unit H	The project is delayed due to snags currently being addressed by the service provider on site. The project is delayed due to snags currently being addressed by the service provider on site.	50 077 165	50 077 165
Upgrade road in Peace Valley	The project is complete and has been capitalised.	-	19 100 402
Azalea PH2	The project was delayed due to technical challenges with the service provider and the status is at 84%. The project will be completed in the next financial year.	24 337 295	24 337 295
Ward 3 Vulindlela	The project is complete and has been capitalised.	-	22 780 547
Community hall ward 7	The project was delayed due to rains experienced in November and December 2022. The expected date of completion is 30 September 2023.	5 798 578	921 607
Community hall ward 8	The project is delayed due to slow progress on site. The expected date of completion is 2 November 2023.	6 362 520	1 509 430

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Figures in Rand		2023	2022
14. Property, plant and equipment (continued)			
Edendale Town Centre	The project is delayed due to legal complexities, expropriation and relocation of Informal settlements. Construction has been done up the section affected by Land expropriation challenges.	8 092 247	3 100 603
Community hall ward 38	The project was delayed to due non availability of funds but has since resumed. The expected completion date is 30 September 2023.	8 032 810	1 360 625
		174 636 199	422 381 434
Projects halted			
The Hollingwood cemetery project	Reasons This project is halted due to non availability of funds.	2023 4 874 038	2022 4 874 038
Mayor's Walk road widening	This project is halted due to non availability of funds.	1 435 825	1 435 825
Community hall ward 24	This project is halted due to non availability of funds.	1 796 006	1 796 006
Design and construction of east ring road	The project is halted due to insufficient funding to start Construction.	2 449 450	2 449 450
Techno Hub	The project has not commenced due to funding contrains. Only the preliminary designs were undertaken.	1 467 147	1 467 147
Connor -Ottos Bluff Road -link	This project is halted due to non availability of funds.	129 620	129 620
Supertube pump refurb at Alex Pool	The project is complete and has been capitalised.	-	989 049
		12 152 086	13 141 135
15. Consumer deposits			
Electricity		102 490 201	96 831 992
Landfill site		405 018	361 031
Market buyer's card		5 252 988	4 603 654
Refuse		56 155	38 155
Rental properties		3 061 921	2 821 334
Sewer		9 925	7 355
Valuation appeal		8 907	8 907
Water		30 793 647	28 289 950
		142 078 762	132 962 378

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
16. Other financial liabilities		
At amortised cost		
DBSA loan	124 581 611	203 744 512
DBSA - funding required for capital expenditure. Loans bear interest rates between 6.75% and 16.50% (2022: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.		
During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.		
Non-current liabilities		
At amortised cost	50 310 656	124 581 612
Current liabilities		
At amortised cost	74 270 955	79 162 900
Reconciliation of other financial liabilities		
Opening balance	203 744 512	285 317 996
Repayments	(79 162 901)	(81 573 484)
	124 581 611	203 744 512
17. Transfers payable (non-exchange)		
Advance receipts - Transfers	15 568 203	20 091 631

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Figures in Rand	2023	2022
17. Transfers payable (non-exchange) (continued)		
Beneficiary Audit and Transfers		
Balance at beginning of year	5 183 091	5 885 204
Current year interest received	323 012	207 483
Payments to date	(850 297)	(909 596)
Balance in terms for the advance receipt	4 655 806	5 183 091

Funding provided by Department of Human Settlements as part of the restoration programme to assist in fast tracking the issuing of title deeds to the people of Msunduzi. The arrangement is through the MOA in order for the Provincial Department to provide funding in advance to the Municipality for appointment of social facilitators and a panel of conveyancers to undertake this process Beneficiary Audit and Transfers.

The Beneficiary Audit and Transfers was a National Programme which was then delegated to the Municipality through Provincial Department of Human Settlements. The EEDBS was a National program which was delegated to Municipalities in order to ensure that restoration of title deeds for houses constructed in Pre 1994 through the Housing Subsidy Scheme It was an existing programme that was handed over to the Municipality and the Municipality provided with the funding. The Municipality has no power to determine the beneficiary list. The project is solely for the transfer of title deeds to rightful owners. Title deeds are legal documents which the Municipality is not allowed to sell to beneficiaries and neither can those be use by the Municipality for own use.

The Municipality is not exposed to variability of the transactions, The Provincial Department of Humans settlements is responsible for fulfilling all rights and obligations. Even in the event of disputes the Provincial Department and the court make the final determinations on who the beneficiaries will be.

Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake beneficiary verification and transfers of completed housing units. The purpose of the Principal-Agent relationship with regards to the Beneficiary Audit and Transfers is to task the municipality to review all projects approved prior to 1994 and ensure that beneficiary verification in completed to facilitate transfers without the municipality being exposed to any risks associated with the implementation of the Programme.

Military Veterans - Houses

Payments to date	6 319 812	6 473 254
	(2 874 304)	(153 442)
Balance in terms of the advance receipt	3 445 508	6 319 812

The arrangement between the Municipality and the Provincial Department of Human Settlements is to undertake planning and servicing of 180 proposed residential sites for the military veterans in the Msunduzi municipal area of jurisdiction. The department is responsible in fulfilling rights and obligations with respect to payment of service providers as well as processing of allocation of beneficiaries. The Municipality through the MOA signed between both parties undertook transactions with implementing agents on behalf of the department to get the sites ready for Human settlements projects (Military Veterans). The sites will be handed over to the Provincial Department of Human Settlement once ready for development and the Department will eventually hand over to beneficiaries as allocated by the Provincial Department.

Site 11

Balance at beginning of year	-	-
Current year receipts	382 113	7 221 824
Payments to date	(382 113)	(7 221 824)
Balance in terms of the advance receipt	-	-

Msunduzi Local Municipality

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17. Transfers payable (non-exchange) (continued)

Funding provided by Department of Human Settlements for the construction of 252 top structures in Woodlands Site 11 housing project in accordance with the technical specifications and drawings. The houses to be built already have beneficiaries as identified by the Department, the Municipality is merely assisting in the construction of the houses. The Municipality appointed the Implementing Agents through SCM processes which will facilitate the construction of the top structures, the specification was provided for by the Department of Human Settlements. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agents. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

Thamboville

Balance at beginning of year	-	-
Current year receipts	406 463	9 481 488
Payments to date	(406 463)	(9 481 488)
Balance in terms of the advance receipt	-	-

Funding provided by Department of Human Settlements for the construction of 416 top structures in Glenwood Thamboville housing project in accordance with the technical specifications and drawings. The houses to be built already have beneficiaries as identified by the Department, the Municipality is merely assisting in the construction of the houses. The Municipality appointed the Implementing Agents through SCM processes which will facilitate the construction of the top structures, the specification was provided for by the Department of Human Settlements. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agent. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

Title Deeds Restoration Programme

Balance at beginning of year	5 617 554	5 642 567
Payments to date	(1 121 839)	(25 013)
Balance in terms of the advance receipt	4 495 715	5 617 554

Funds provided by the Provincial Department of Human Settlements to assist the municipality to ensure that people approved through the enhanced extended discount benefit scheme and the housing delivery programme, their ownership is confirmed through this title deeds restoration grant.

The Municipality is not exposed to variability of the transactions, The Provincial Department of Humans settlements is responsible for fulfilling all rights and obligations. Even in the event of disputes the Provincial Department and the court make the final determinations on who the beneficiaries will be.

Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake beneficiary verification and transfers of completed housing units. The purpose of the Principal-Agent relationship with regards to the Beneficiary Audit and Transfers is to task the Municipality to review all projects approved prior to 1994 and ensure that beneficiary verification is completed to facilitate transfers without the municipality being exposed to any risks associated with the implementation of the Programme.

Title Deeds Restoration Advertisement for Missing Beneficiaries

Balance at beginning of year	-	50
Inter project transfer	-	(50)
Balance in terms of the advance receipt	-	-

Funds provided by the Provincial Department of Human Settlements for services to be rendered in order to find missing beneficiaries for the Title Deeds Programme. The funding is solely for finding missing beneficiaries in order to fast track the Title deeds restoration programme. The department to provide the financial resources, monitor the project and accept forecasts, plans, milestones as well as project completion. However, the responsibility for day-to-day management of the project is delegated from the Department of Human Settlements to the Municipality to manage it based on the agreed upon objective.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
17. Transfers payable (non-exchange) (continued)		
Title Deeds Activities		
Balance at beginning of year	2 971 174	3 713 968
Payments to date	-	(742 794)
Balance in terms of the advance receipt	2 971 174	2 971 174

Funds provided by the Provincial Department of Human Settlements for services to be rendered for the Title Deeds Programme. Significantly the arrangement was for the Department to transfer funds into the Municipality in order for the Municipality to undertake more activities for the Title deeds programme. The purpose of the Principal-Agent relationship for this Programme is to task the Municipality to review all projects approved prior to 1994 and ensure that beneficiary verification is completed to facilitate transfers without the Municipality being exposed to any risks associated with the implementation of the Programme.

Thembalihle

Balance at beginning of year	-	-
Current year receipts	-	4 261 940
Payments to date	-	(4 261 940)
Balance in terms of the advance receipt	-	-

The Thembalihle Housing Project is located in ward 38 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements (DoHS) intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The duration of the project is 36 months and the project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. ZML Africa Projects cc was then appointment for the construction of 804 units and 20 temporary structures. Funding is not transferred into the Municipality but claimed as and when the work is completed by the Implementing Agent. The Provincial Department approves all payments prior to funding being transferred to the Municipality for payment of Implementing Agents.

Happy Valley

Balance at beginning of year	-	-
Current year receipts	-	1 784 713
Payments to date	-	(1 784 713)
Balance in terms of the advance receipt	-	-

The Happy Valley Housing Project is located in ward 32 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. Ingerop (Pty) Ltd was then appointed for the construction of 158 units and 20 temporary structures. The main contractor for the project is Sakilo Group.

Q Section

Balance at beginning of year	-	-
Current year receipts	-	2 740 284
Payments to date	-	(2 740 284)
Balance in terms of the advance receipt	-	-

The Glenwood Q-Section Housing Project is located in ward 38 of Msunduzi Municipality, the township was established in the late 1990's through a government initiated housing project. The Msunduzi Human Settlements Unit and the KZN Department of Human Settlements intend to develop the area and provide formal 40m2 houses for all the beneficiaries who were not able to build proper houses for themselves. The duration of the project is 36 months and the project is funded by the DoHS. The nature of the project to be implemented is called a consolidation whereby the new subsidy will be consolidated to the previously approved subsidy. ZML Africa Projects CC was then appointed for the construction of 804 units and 20 temporary structures. The main contractor for the project is Mcebo's Trading.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
18. Payables from exchange transactions		
Trade payables	291 181 816	245 238 596
Accrued leave pay	144 374 301	147 949 191
Retention liability	33 763 376	22 666 648
Accruals	196 850 523	220 916 886
Credit balances in debtors	107 349 564	161 182 592
Accrued Interest	-	112 601
Advance payments	9 710 151	4 818 228
Auditor General	253 801	384 423
Water bulk purchases	716 067 635	570 802 929
Electricity bulk purchases	985 466 306	552 499 379
Unallocated deposits	2 380 783	2 507 785
Payroll related	-	1 383 315
Surety	60 000	60 000
	2 487 458 256	1 930 522 573

Msunduzi Local Municipality

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19. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Reduction due to re-measurement	Total
Landfill rehabilitation	68 705 686	11 017 502	(8 568 264)	71 154 924

Reconciliation of provisions - 2022

	Opening Balance	Utilised during the year	Change in discount factor	Increase due to re-measurement	Total
Litigation	2 792 487	(2 792 487)	-	-	-
Landfill rehabilitation	61 822 545	-	16 592	6 866 549	68 705 686
	64 615 032	(2 792 487)	16 592	6 866 549	68 705 686
Non-current liabilities				62 175 173	61 113 708
Current liabilities				8 979 751	7 591 978
				71 154 924	68 705 686

Landfill rehabilitation

The landfill rehabilitation provision represents management's best estimate of the municipality's rehabilitation liability based on a valuation provided by an external consultant on the remaining useful life of the landfill site.

One Pangea Expertise and Solutions was appointed to perform the annual valuation of the provision for the rehabilitation and closure costs of the New England Road landfill site.

At the end of the life of the landfill site, the municipality is expected to restore the landfill site to the condition it was before its use.

According to the National Environmental Management Act, Act 107 of 1998, the operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof. The landfill site provision was created to ensure that the site is environmentally and publicly acceptable and suited to the implementation of the proposed end-use. The estimated remaining life of the landfill site is 5,29 years.

The key assumptions used by the experts:

Net discount rate 4.87%

Average density of the waste 0.7 tonnes per cubic metres

Expected growth rate of waste generation 1.81%

Excavatable cover depth 2.5 metres

Cover to waste ratio 1.25

The municipality was declared to have been in breach of the Variation Waste Management Licence(WML) issues by the department of Economic Development, Tourism and Environmental Affairs (Kwa-Zulu Natal) on 3 July 2017, in respect of operation of the New England Road Landfill Site on Lot 1853 of the Farm Darvill No 15036, New England Road, Pietermaritzburg.

The High Court of South Africa issued a court order directing the Municipality to discharge its duty of care and remediation of environment as required by section 28(1) and (3) of the National Environmental Management Act 107 of 1998.

The municipality has ensured that it complies with the directives of the court order and with the prescripts of the WML. This has been done through an approved audit action plan which is a list of actions the municipality is required to undertake to be compliant with the WML. The implementation of the action plan is in progress enroute to compliance.

Msunduzi Local Municipality

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19. Provisions (continued)

Litigation

Litigations against the Municipality recognized as provisions are those that the appointed attorneys have considered probable that the Municipality is liable and an outflow of economic benefits associated with the litigation is expected and the costs can be measured reliably.

Key assumptions provided by legal counsel are:

Net effective discount rate varies case by case and range from prime rate to 15.5%

Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the municipality in terms of clearing listed alien invasive plants.

The municipality's involvement and responsibility is effectively operational support to the Department of Agriculture for the clearing of listed alien invasive plants.

No work has been carried out during the current reporting period.

Msunduzi Local Municipality

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20. Employee benefit obligations

Defined contribution plan

The Council provides retirement benefits to its employees by contributing to either a Provident fund, Retirement Pension Fund or Superannuation Pension Fund. Membership to either a pension or provident fund is compulsory for all permanent employees. The majority of the members contribute to the Natal Joint Municipal Pension and Provident funds (NJMP). Other members contribute to the South African Local Authorities Pension Fund (SALA), Government Employees Pension Fund (GEPF) and Councillors Pension fund. The municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financial statements is being compiled for each fund and not for each contributing employer.

The majority of personnel are members of the following pension funds:

Kwa-Zulu-Natal Joint Municipal Provident Fund

An actuarial valuation was performed as at 31 March 2022 by SNG Argen Actuarial Solutions. The market value of the fund's assets was R8 945 924 000 as at 31 March 2022.

Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R22 059 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

Benefits of the fund:

- Pension age - 65 years.
- Earliest retirement age - 58 years (55 years if more than 10 years continuous service).
- Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- Member's portion of full benefits - Initial transfer plus member's contributions plus local authority's contributions for full benefits plus interim, special and final bonuses.
- Benefit on retirement after earliest retirement age or pension age - full benefit.
- Benefit on retirement because of ill health - full benefit.
- Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years' salary.

Benchmark

Investments

Domestic Investments R6 712 518 000

International Investments R2 515 169 000

Risk Reserve Account R20 563 000

Membership 18 227

Liabilities and reserves

Member share account R8 318 644 000

Reserves and accounts R604 364 000

Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

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20. Employee benefit obligations (continued)

An actuarial valuation was performed as at 31 March 2022 by SNG Argen Actuarial Solutions. The market value of the fund's assets was R15 464 085 000 as at 31 March 2022. The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the fund to the detriment of other stakeholders. The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits of the fund:

- Members Contributions - 9.25% of pensionable salaries.
- Pension age 65 years.
- Final average salary - average annual pensionable salaries during the last year of service.
- Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age.
- Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- Surviving spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries.
- Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

Benchmark

Investments

Domestic R11 532 968 000

International R4 078 383 000

Membership 3112

Liabilities and reserve

Accrued liability R12 377 381 000

Risk reserve R215 384 000

Prescribed minimum benefits R77 281 000

Contribution reserve R86 400 000

Balance of assets (R1 286 946 000)

Natal Joint Municipal Pension Fund: (Retirement) actuarial valuation

An actuarial valuation was performed at 31 March 2022 by SNG Argen Actuarial Solutions. The market value of the fund's assets was R5 346 445 000 as at 31 March 2022.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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20. Employee benefit obligations (continued)

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the fund to the detriment of other stakeholders

Legislation does not oblige a fund to hold a Solvency Reserve for purposes of financial soundness. However, being financially sound only on the "best estimate" basis means that there is still a 50% chance of the Fund being in deficit in the future. Provisions of PF 117, the Circular issued by the FSCA setting out the level of solvency reserves that the FSCA considers reasonable as well as the guidelines set out in PF Notice No. 2 of 2016 were applied.

Benefits of the fund:

- Members Contributions - 7 % of pensionable salaries.
- Pension age 65 years.
- Final average salary - average annual pensionable salaries during the last year of service.
- Pension on retirement at pension age - 2.1% of final average emoluments per year of continuous service.
- Lump sum on retirement at pension age - 5.5% of final average emoluments per year of service. Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age.
- Ill health retirement (minimum 10 years continuous service) - Same as normal retirement.
- Ill health retirement (less than ten years continuous service) - the greater of the of the resignation benefit or twice the member's contributions.
- Surviving spouses pension on death in service - 1,05% of final average pensionable salaries per year of continuous service at date of death and 75% of potential service to the pension age.
- Surviving spouses pension on death of pensioner - 1,2% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- Lump sum on death in service - Annual pensionable emoluments. 10.75% of final average salaries.
- Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years

Benchmark

Investments

Domestic R4 076 145 000

International R1 329 401 000

Membership 1 148

Liabilities and reserve

Accrued liability R3 891 213 000

Risk reserve R88 869 000

Prescribed minimum benefits R89 868 000

Contribution reserve R12 654 000

Balance of assets R725 370 000

The Municipality does not apply "defined benefit accounting" to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP 25 as multi-employer plans, as sufficient information is not available to apply the principles involved. The City contributes to the defined benefit plans, which are governed by the Pension Fund Act of 1956 due to the nature of these funds and the fact that there is no consistent and reliable basis for allocating the obligation. Plan assets and cost to individual entities participating in the plan, these funds are accounted for as defined contribution funds in terms of paragraph 31 of GRAP 25, the total contributions are included in employee related costs. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds. The Municipality's participation in these plans is limited to the obligation of its own employees.

The NJMPF Superannuation and Retirement funds have been treated as defined contribution plans although they are defined benefit funds

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
20. Employee benefit obligations (continued)		
The employees of the Council as well as the Council as employer contribute to municipal pension, retirement and various provident funds as listed below:		
Councillors Pension Fund	4 788 410	5 849 913
Government Employees Pension Fund	2 119 448	2 519 591
Natal Joint Pension Fund	90 088 176	91 294 991
Natal Joint Provident Fund	154 843 123	134 596 112
South African Local Authorities Pension Fund	246 969	660 682
	252 086 126	234 921 289
Post retirement medical aid plan		
The amounts recognised in the Statement of Financial Position are as follows:		
Carrying value		
Long service awards	(85 820 000)	(83 588 000)
Post employment medical aid	(509 433 001)	(547 258 001)
	(595 253 001)	(630 846 001)
Non-current liabilities	(545 988 000)	(589 320 000)
Current liabilities	(49 265 001)	(41 526 001)
	(595 253 001)	(630 846 001)
Current		
Long service awards	(17 747 000)	(11 458 000)
Post employment medical aid	(31 518 001)	(30 068 001)
	(49 265 001)	(41 526 001)
Non current		
Long service awards	(68 073 000)	(72 130 000)
Post employment medical aid	(477 915 000)	(517 190 000)
	(545 988 000)	(589 320 000)
Changes in the present value of post employment medical aid benefit obligation are as follows:		
Opening balance	(547 258 001)	(512 371 001)
Current service cost	(14 370 000)	(13 314 000)
Interest cost	(58 641 000)	(49 136 000)
Benefits paid	30 025 229	28 946 351
Actuarial gain/(loss)	80 810 771	(1 383 351)
	(509 433 001)	(547 258 001)
Changes in the present value of long service awards obligation are as follows:		
Interest cost	(83 588 000)	(83 089 000)
Current service cost	(8 118 000)	(7 046 000)
Actuarial gain/(loss)	(7 527 000)	(7 212 000)
Benefits paid	3 131 120	2 887 671
	10 281 880	10 871 329
	(85 820 000)	(83 588 000)

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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20. Employee benefit obligations (continued)

The total post-employment medical aid benefit obligation decreased by R37 825 000 (7%) from the previous valuation attributed to the following reasons:

- An increase in the average age which means members are closer to retirement, which in turn results in less discounting.
- An increase in the average age also diminishes the likelihood of members to leave before retirement.
- The average in service non-member liability increased.
- The increase in the number of continuation members

The significant increase in the actuarial gain from the previous valuation is attributed chiefly to the net effect of changes in the net discount rates, subsidy inflationary increases lower than assumed, changes to membership profile different from assumed and actual benefits vested lower than expected.

The total long service awards liability increased by R2 232 000 (3%) due to the following reason:

- There are 159 more eligible employees compared to the previous year

Net expense recognised in the Statement of Financial Performance(Post employment medical aid)

Current service cost	(14 370 000)	(13 314 000)
Interest cost	(58 641 000)	(49 136 000)
Actuarial (loss)/gain	80 810 771	(1 383 351)
	7 799 771	(63 833 351)

Net expense recognised in the Statement of Financial Performance(Long service awards)

Interest cost	(8 118 000)	(7 046 000)
Current service cost	(7 527 000)	(7 212 000)
Actuarial/(loss)/gain	3 131 120	2 887 671
	(12 513 880)	(11 370 329)

Key assumptions used(post employment medical aid)

Assumptions used at the reporting date:

Discount rates used	12,23 %	11,01 %
Health care inflation rate	7,85 %	7,85 %
Maximum subsidy inflation rate	5,51 %	5,51 %
Proportion with a spouse dependent at retirement	60,00 %	60,00 %
Continuation of membership retirement	60,00 %	75,00 %

The average retirement age is : 62 years.

Mortality during employment : SA 85 -90.

Mortality post-employment : PA(90) -1 with a 1% mortality improvement p.a. from 2010

The projected unit credit method is used as the standard valuation methodology for the valuation of the liability at the reporting date.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change is assumed in healthcare care inflation and discount rates changes and would have the following effect liability:

	One percentage point increase	One percentage point decrease
Health care inflation rate (8%/ -8% change)	547 762 000	467 564 000

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022			
20. Employee benefit obligations (continued)					
Discount rate (-10%/12% change)	459 495 000	569 660 000			
Amounts for the current and previous four years are as follows:					
	2023	2022	2021	2020	2019
Defined benefit obligation	509 433 000	547 258 000	512 371 000	470 193 000	526 822 000
Surplus (deficit)	(509 433 000)	(547 258 000)	(512 371 000)	(470 193 000)	(526 822 000)
Experience adjustments on plan liabilities	(5 633 000)	3 760 000	(17 252 000)	(16 924 000)	(22 837 000)
Total contribution to medical aid (employer and employees)					
Bonitas				29 534 982	28 728 490
Discovery				387 970	454 933
Hosmed				540 550	450 184
Key Health				25 386 544	26 052 015
LA Health				96 004 164	86 366 118
Medshield				75 573	-
Profmed				-	60 660
Samwumed				3 440 764	3 570 012
				155 370 547	145 682 412

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Key assumptions used(long service awards)

The long service awards provision represents the amount of money that should be set aside in present day terms to cover all expected long service awards for current employees.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The liability was estimated by an Actuary in terms of GRAP 25 (Employee Benefits).

Long service awards payments are expected on the anniversary of appointment for all the qualifying employees.

At the reporting date there were no future events that could affect the future payment costs for long service awards.

As at 30 June 2023, the liability was estimated by experts, Arch Actuarial Consulting. The liability was as R85 820 000.

The key assumptions used by the experts were:

Net effective discount rate- 4.30%

Average retirement age- 62 years

Pre-retirement mortality- SA 85-90

The projected unit credit method is used as the standard valuation methodology for the valuation of the liability at the reporting date.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
21. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Expanded Public Works Programme	2 849	-
Integrated National Electrification Programme	1 774 357	-
Municipal Infrastructure Grant	26 705	-
Neighbourhood Development Partnership Grant	-	70 702
Water Services Infrastructure Grant	417	18 715
Corridor Development (Heroes Acre Memorial Park)	6 561 224	6 606 654
Eastwood Primary Substation	417 326	6 077 724
Greater Edendale Development Initiative	87 742 535	105 990 396
Informal Economy Infrastructure Development	20 234	81 854
Housing Accreditation	10 834 860	8 832 225
Library	7 715 758	7 512 207
Municipal Disaster Response Grant	-	620 000
Pietermaritzburg Airport	194 618	47 442
Tatham Art Gallery	166 806	38 801
Youth Enterprise Park	3 206	190 805
Upgrading of Informal Settlements	58 395 414	-
Municipal Employment Initiative	2 076 549	-
	175 932 858	136 087 525

Movement during the year

Balance at the beginning of the year	136 087 525	179 373 712
Funds returned to National Treasury	(90 000)	(469 000)
Current year receipts	461 241 994	395 037 710
Current year interest received	8 707 934	5 105 034
Transfer to MHOA (repayment of bridge funded INEP expenditure 2020/2021)	-	(8 769 502)
Transfer of savings on Operation Dluksumlando to own revenue	-	(50 186)
Transfer of VAT on Jika Joe project to own revenue	(654 984)	(6 876 324)
Vat recovered from grant	(44 006 018)	(43 271 357)
Conditions met - transferred to revenue	(385 353 593)	(383 992 562)
	175 932 858	136 087 525

The extent of government grants recognised in the Statement of Financial Performance relates to the extent of the grant conditions having been met.

Refer to Appendix D for details of Unspent Conditional Grants, Receipts and Transfers from National, Provincial, Government and other departments.

See note 40 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

22. VAT payable

VAT payable	185 012 600	178 088 885
VAT Reconciliation		
Accrued output tax	432 840 524	379 771 952
Accrued input tax	(246 824 035)	(193 817 832)
VAT refund (due)/payable (from)/to SARS	(1 003 889)	(7 865 235)
	185 012 600	178 088 885

VAT is claimed on a payment basis.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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22. VAT payable (continued)

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

Only once an invoice is paid is VAT claimed and receivable from SARS.

23. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2023

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 779 395 485	573 885	32 670 009	7 812 639 379
Interest earned on COID	(2 172 556)	-	2 172 556	-
Interest earned on insurance reserve	(74 276)	74 276	-	-
Interest earned on CRR	(126 617)	-	-	(126 617)
Interest on HDF	(4 864 203)	-	-	(4 864 203)
Transfer to/from COID	11 587 701	-	(11 587 701)	-
Transfer to/from CRR	(3 692 591)	-	-	(3 692 591)
Transfer to/from Insurance reserve	(6 600 000)	6 600 000	-	-
Surplus	525 680 299	-	-	525 680 299
	8 299 133 242	7 248 161	23 254 864	8 329 636 267

Ring-fenced internal funds and reserves within accumulated surplus - June 2022

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7 937 573 357	10 953 735	32 311 434	7 980 838 526
Prior period error	67 476 147	-	-	67 476 147
Interest earned on COID	(1 688 272)	-	1 688 272	-
Interest earned on insurance reserve	(20 999)	20 999	-	-
Interest earned on CRR	(61 010)	-	-	(61 010)
Interest earned on HDF	(1 798 165)	-	-	(1 798 165)
Transfer out of insurance reserve	10 400 849	(10 400 849)	-	-
Transfer to/from COID	1 329 697	-	(1 329 697)	-
Deficit	(233 816 119)	-	-	(233 816 119)
	7 779 395 485	573 885	32 670 009	7 812 639 379

24. Capital replacement reserve

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R151 935 999 from the accumulated surplus. This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R126 617 (2022: R61 010) in respect to interest earned on the reserve.

The CRR is a cash backed reserve

Opening balance	785 902	724 892
Auction proceeds	3 692 592	-
Interest earned	126 617	61 010
	4 605 111	785 902

25. Housing development fund

Accumulative HDF utilisation	76 301 560	71 437 358
Loans extinguished by Government on 1 April 1988	34 256 892	34 256 892
	110 558 452	105 694 250

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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26. Revaluation reserve

Opening balance	95 350 900	95 137 597
Change during the year	9 224 969	213 303
	104 575 869	95 350 900

Heritage assets classes for artworks and jewellery have been revalued as at 30 June 2023 resulting in the increase of the revaluation reserve. The increase in the values is as a result of current market records at auctions in recent years, the passage of time for artworks created by prominent artists and collections whose market has shifted from auction houses to specialist dealerships.

27. Agency services

Commission earned on driver's licenses renewals	2 598 950	2 139 483
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Refer to Note 70

28. Interest - consumer debtors and receivables

Electricity	1 421 756	12 089 216
Property rental	643 177	640 200
Sanitation	17 033 935	18 476 486
Service charges	4 726 907	11 398 085
Waste management	9 683 226	9 989 224
Water	125 188 403	114 716 890
	158 697 404	167 310 101

29. Interest received bank, call and investment accounts

Bank	2 646 269	767 040
Short term investments	14 310 916	9 678 030
	16 957 185	10 445 070

30. Licences and permits

Taxi ranks	412 712	196 978
Abnormal loads	1 620 871	628 730
Trading	325 175	113 761
Market porters	56 698	44 741
	2 415 456	984 210

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
31. Operational revenue		
Skills development levy	2 419 531	1 285 808
Breakages and losses recovered	4 346	6 786
Commission insurance	699 439	704 805
Incidental cash surplus	3 378	1 324
Commission - transaction handling fees	22 955 327	16 576 760
Landing fees	3 113 053	2 090 039
Passenger levy	6 926 482	3 824 359
Collection charges	18 204 474	18 417 734
Administration and handling fees	2 389 076	2 294 054
Request for information - plan printing and duplicates	24 398	27 053
Bursary refund	788 203	19 317
Merchandising, jobbing and contracts	-	9 303 162
Staff recoveries	853	528
	57 528 560	54 551 729
32. Rental of facilities and equipment		
Premises		
Non-residential	11 184 992	17 986 626
Residential	8 434 156	7 733 481
	19 619 148	25 720 107
Facilities and equipment		
Rental of facilities	452 189	396 551
	20 071 337	26 116 658
33. Rendering of services		
Building plan approval	2 004 368	1 935 657
Cemetery and burial fees	3 983 251	5 190 053
Entrance fees	248 755	176 778
Fire services	286 098	811 125
Legal fees	318	23
Management fees	145 014	191 516
Parking fees	5 627	18 104
Rates clearance certificates	1 501 902	1 583 030
Sign application fee	1 417 450	746 666
Town planning and servitudes	928 275	568 452
Wayleave tariffs	23 421	11 731
	10 544 479	11 233 135
34. Sale of goods		
Cleaning and removal	67 225	54 128
Buyer's card	53 406	45 075
Demolition application fees	275	275
Laboratory services	11 042	-
Sub-division and consolidation	131 201	50 511
Tender documents	148 109	62 885
Valuation services	16 294	16 574
Waste paper	3 792	10 617
	431 344	240 065

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
35. Service charges		
Sale of electricity	2 724 539 631	2 677 510 590
Sale of water	824 368 756	863 850 553
Sanitation	197 959 736	193 525 572
Refuse removal	123 629 075	116 038 127
	3 870 497 198	3 850 924 842
Reconciliation		
Gross revenue billed		
Sale of electricity	2 726 474 820	2 677 924 583
Sale of water	828 855 231	866 901 415
Sanitation	213 141 834	205 958 788
Refuse removal	124 693 013	116 007 705
	3 893 164 898	3 866 792 491
Less: Revenue foregone free basic services		
Sale of electricity	(1 935 189)	(413 993)
Sale of water	(4 486 475)	(3 050 862)
Sanitation	(15 182 098)	(12 433 216)
Refuse removal	(1 063 938)	30 422
Net Service charges	3 870 497 198	3 850 924 842

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
36. Property rates		
Rates per category		
Commercial	394 253 903	240 144 382
Farm properties	900 655	288 905
Unauthorised use	10 907 620	13 573 839
Small home business	98 643	-
Industrial	144 164 517	127 288 755
Public benefit organisation	2 437 606	2 215 484
Residential	681 021 703	704 630 454
Communal land - other	2 513 641	2 696 341
State	1 350 379	41 939
Mining	662 760	405 447
Public service purpose	131 862 008	121 614 375
	1 370 173 435	1 212 899 921
Reconciliation		
Gross revenue billed		
Property rates	1 463 268 315	1 298 698 745
	1 463 268 315	1 298 698 745
Less: Revenue foregone free basic services		
Rebates property rates	(93 094 880)	(85 798 824)
Net Property rates	1 370 173 435	1 212 899 921
Valuations		
Agriculture	453 752 000	462 382 000
Commercial/Mining/Industrial/Unauthorised	24 143 536 566	23 519 125 766
Municipal properties	974 000	974 000
Residential	49 653 513 073	49 540 309 473
Public Benefit Organisation	986 036 000	983 186 000
Public Service Infrastructure	215 375 935	215 354 635
Public Service Property	5 175 466 000	5 146 229 000
Vacant land	2 227 166 800	2 195 545 700
	82 855 820 374	82 063 106 574
Rate randage are as follows:	Rate per category 2023	Rate per category 2022
Agriculture	0,0037	0,0034
Public Service Property	0,0263	0,0244
Residential	0,0150	0,0139
Public Benefit Organisation	0,0037	0,0034
Public Service Infrastructure	0,0037	0,0034
Vacant land	0,0272	0,0252
Commercial	0,0263	0,0244
Mining	0,0263	0,0244
Industrial	0,0263	0,0244
Unauthorised	0,0467	0,0433
Municipal property	0,0263	0,0244
Sectional Title Garages	0,0150	0,0139

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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36. Property rates (continued)

Valuations on land and buildings are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2019. Interim/ Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The Rural communal properties value has decreased to R Nil to accommodate the reallocation as per finding 3 (i) in the attached Outcome of Assessment of Municipalities in terms of Section 8 of the Local Government: Municipal Property Rates Act (The Act) by COGTA, which states the following;

"Rural Communal Property" is listed as a category of rateable properties in the rates policy and resolution levying rates whilst it is not a legitimate use category in terms of section 8. Its definition in the rates policy indicates that its dominant use is residential yet it is rated at 1: 1.36 compared to residential properties. Either it must be rated like residential properties according to its dominant use or it must be categorised and rated like multiple purpose properties".

37. Interest from non-exchange receivables

Property rates	63 180 751	55 782 645
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38. Fines, penalties and forfeits

Building fines	83 000	30 463
Law enforcement fines	666 028	299 018
Overdue books fines	72 947	8 398
Court traffic fines	19 302 890	14 127 350
Tender withdrawal penalties	4 500	23 744
	20 129 365	14 488 973

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
39. Government grants and subsidies		
Operating grants		
Equitable Share	696 056 000	616 262 000
Expanded Public Works Programme	5 228 151	3 516 014
Finance Management Grant	1 950 000	1 900 000
Municipal Infrastructure Grant	6 977 307	6 107 918
Public Transport Infrastructure Grant	-	23 042
Greater Edendale Development Initiative	14 670 904	3 222 622
Housing Projects	2 050 695	9 106 293
Library	16 172 386	15 381 529
Water Services Infrastructure Grant	55 555 264	19 986 410
Housing Accreditation	2 831 371	4 663 110
LG Seta	167 982	-
Operation Dlulisumlando	-	1 086 804
Tatham Art Gallery	91 266	421 883
	801 751 326	681 677 625
Capital grants		
Integrated National Electrification Programme	27 379 643	11 230 498
Municipal Infrastructure Grant	220 148 989	203 223 082
Neighbourhood Development Partnership Grant	34 499 416	34 999 545
Public Transport Infrastructure Grant	-	62 323 037
Water Services Infrastructure Grant	4 444 320	19 994 875
Eastwood Primary Substation	16 130 468	9 079 238
Greater Edendale Development Initiative	11 683 354	2 545 502
Housing Accreditation	417 555	1 785 915
Informal Economy Infrastructure Development	66 415	1 700 456
Jika Joe Community Residential Units	5 021 543	20 895 493
Municipal Disaster Response Grant	620 000	-
Library	-	399 257
Pietermaritzburg Airport	2 874 671	326 219
Tatham Art Gallery	347 779	81 475
Youth Enterprise Park	197 683	140 025
Corridor development	487 435	-
	324 319 271	368 724 617
	1 126 070 597	1 050 402 242

Government grants and subsidies

Included in above are the following grants and subsidies received:

Equitable share	696 056 000	616 262 000
Operating grants	98 329 452	62 501 911
VAT recovered - operating grants	7 365 874	2 913 714
VAT recovered - capital grants	37 295 128	47 233 968
Capital grants	287 024 143	321 490 649
	1 126 070 597	1 050 402 242

Equitable Share

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

In terms of section 227 of the Constitution, the Equitable Share grant provides funding for the municipality to deliver free basic services to poor households and subsidises the cost of administration and other core services for the municipality.

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Figures in Rand	2023	2022
39. Government grants and subsidies (continued)		
Expanded Public Works Programme		
Balance unspent at beginning of year	-	469 014
Funds returned to National Treasury	-	(469 000)
Current year receipts	5 231 000	3 516 000
VAT recovered from Grant	-	(41 692)
Conditions met - transferred to revenue	(5 228 151)	(3 474 322)
	2 849	-

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

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- Road maintenance and the maintenance of buildings.
- Low traffic volume roads and rural roads.
- Basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure).
- Other economic and social infrastructure.
- Tourism and cultural industries.
- Waste management.
- Parks and beautification.
- Sustainable land-based livelihoods.
- Social services programmes.
- Community safety programmes.

The first tranche of the EPWP grant which was due on the 3rd of August 2022 was only received on the 4th of October 2022.

On the 27th of October 2022, the Department of Public Works and Infrastructure sent a letter to the Municipality indicating their intention to delay the second tranche as the Municipality failed to send at least 25% of the first tranche that was received by the Municipality. The second tranche which was due to be received on the 2nd of November 2022, was only received on the 2nd of December 2022.

The third tranche of the EPWP grant which was due on the 1st of February 2023 was only received on the 24th of March 2023.

Finance Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 950 000	1 900 000
VAT recovered from Grant	(102 555)	(131 943)
Conditions met - transferred to revenue	(1 847 445)	(1 768 057)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

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Figures in Rand	2023	2022
39. Government grants and subsidies (continued)		
Integrated National Electrification Programme		
Balance unspent at beginning of year	-	-
Current-year receipts	29 154 000	20 000 000
Transfer to MHOA (Repayment of bridge funded INEP expenditure for 2020/2021)	-	(8 769 502)
VAT recovered from grant	(3 419 023)	(849 504)
Conditions met - transferred to revenue	(23 960 620)	(10 380 994)
	1 774 357	-

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

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog in all existing and planned dwellings (including informal settlements, farm dwellings, new and existing dwellings) and the installation of relevant bulk infrastructure.

The 2nd tranche which was due on the 25th of October 2022, had not been received as at 31 October 2022, the reason being is that according to a memo from the Director General: Mineral and Energy resources, the municipality's expenditure is not in line with the condition for the second and subsequent transfer as outlined in the INEP grant framework and it is the Department's intention to withhold the second tranche. The second tranche was received on the 28th of November 2022.

The 3rd tranche which was due on the 24th of February 2023 was only received on the 13th of March 2023.

The 4th tranche which was due on the 20th of March 2023 was only received on the 30th of March 2023.

Delays in the approval of change control for moving funds from non-performing project to the other well-performing project resulted in funds not being spent on time and the approval is still pending from Department of Mineral Resources and Energy.

Municipal Disaster Response Grant

Balance unspent at beginning of year	620 000	-
Current-year receipts	-	620 000
VAT recovered from grant	(59 043)	-
Conditions met - transferred to revenue	(560 957)	-
	-	620 000

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

Funds received from Cooperative Governance and Traditional Affairs for responding to and providing response and relief measures for unforeseeable and unavoidable disasters within the municipal area.

This funding was transferred to the municipality on the 30th of June 2022.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	-
Current-year receipts	227 153 000	209 331 000
VAT recovered from grant	(28 741 502)	(24 823 847)
Conditions met - transferred to revenue	(198 384 793)	(184 507 153)
	26 705	-

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

The funding has been provided:

- For addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.
- For the development of asset management plans for infrastructure servicing the poor.

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39. Government grants and subsidies (continued)

During September 2022 the Department of Cooperative Governance indicated the intention to withhold the second tranche which was due on the 23rd of September 2022 as the municipality failed to spend at least 60% of the first tranche. A further letter was received in October 2022, indicating that the municipality has shown minimal improvement in terms of addressing the conditions as stipulated in September 2022 and it is their intention to further withhold the 2nd tranche. The second tranche was received on the 25th of November 2022.

The 3rd tranche which was due on the 9th of December 2022 was only received on the 10th of February 2023.

In February 2023 a memo was received from National Treasury of their intention to stop a portion of the 2022/2023 allocation due to under performance.

The 4th tranche which was due on the 24th of March 2023 was only received on the 30th of March 2023.

Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	70 702	1 070 246
Current-year receipts	34 500 000	34 000 000
VAT recovered from grant	(4 038 669)	(4 565 158)
Conditions met - transferred to revenue	(30 460 748)	(30 434 386)
Funds returned to National Treasury	(71 285)	-
	-	70 702

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

Funding provided to plan, catalyse and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in targeted locations, underserved neighbourhoods, generally townships and rural towns.

In February 2023 a memo was received from National Treasury of their intention to stop a portion of the 2022/2023 allocation due to under performance.

The 2nd tranche which was due on the 27th of March 2023 was only received on the 30th of March 2023.

Public Transportation Infrastructure Grant

Balance unspent at beginning of year	-	50 446 080
Current-year receipts	-	11 900 000
VAT recovered from grant	-	(7 873 890)
Conditions met - transferred to revenue	-	(54 472 190)
	-	-

Funding provided for accelerated planning, construction and improvement of public and non-motorised transport Infrastructure that form part of the municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.

Water Services Infrastructure Grant

Balance unspent at beginning of year	18 715	-
Current-year receipts	60 000 000	40 000 000
Conditions met - transferred to revenue	(52 354 358)	(34 995 960)
Funds returned to National Treasury	(18 715)	-
VAT recovered from grant	(7 645 225)	(4 985 325)
	417	18 715

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

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39. Government grants and subsidies (continued)

The purpose of the grant is:

- To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural areas.
- To provide basic and intermittent water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection and groundwater development.
- To support municipalities in implementing water conservation and water demand management (WC/WDM) projects.
- To support the close out of the existing bucket eradication programme intervention in formal residential areas.
- To support drought relief programmes in affected municipalities.

In October 2022 a memo was received from the Department of Water and Sanitation of their intention to withhold the second tranche due to non compliance with the provisions of the Division of Revenue Act including conditions of the framework as well as significant under expenditure on the first tranche, The 2nd tranche was due on the 27th of October 2022. The second tranche was received on the 11th of November 2022.

Greater Edendale Development Initiative

Balance unspent at beginning of year	105 990 396	99 595 433
Current year interest received	6 607 617	4 004 267
Current year receipts	1 498 779	8 158 820
Conditions met - transferred to revenue	(26 354 257)	(5 768 124)
	87 742 535	105 990 396

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

The funding was provided by the Department of Human Settlements for the following:

- To support GIS with the interrogation of housing layout against services in Edendale.
- To support the finalisation of the town planning scheme.
- For the development of an integrated land use management system for Edendale.
- For the valuation of properties as per the business plan.
- For advertising costs for expropriation of properties.
- For costs relating to tenure conflicts, cadastral and deed office rectification.
- For increasing the resources for sales administration with regard to drawing up, signing and managing sales agreements.
- For the provision of further training for personnel using GIS and property tracking systems.

Housing Accreditation

Balance unspent at beginning of year	8 832 225	10 064 740
Current year interest received	616 980	363 338
Conditions met - transferred to revenue	(3 248 926)	(6 449 025)
Current year receipts	4 634 581	4 853 172
	10 834 860	8 832 225

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

Funding provided for Level 1 accreditation subsidy for the operation of the Housing Delivery Unit within Msunduzi Municipality.

Housing Projects

Balance unspent at beginning of year	-	-
Current-year receipts	2 050 695	9 106 293
Conditions met - transferred to revenue	(2 050 695)	(9 106 293)
	-	-

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39. Government grants and subsidies (continued)

Funding provided by Department of Human Settlements for implementation of Housing Projects as follows :

- Harewood Informal Settlement Upgrade Housing Project No K15020002 - Implementation of Stage 1 activities on 1000 housing units.
- The Kwa 30 Informal Settlement Upgrade Housing Project No K15080001 - Implementation of Stage 1 activities on 400 housing units.
- Khalanyoni Informal Settlement Upgrade Housing Project No K15080002 - Implementation of Stage 1 activities on 1000 housing units.
- Mkhondeni Informal Settlement Upgrade Housing Project No K20011125 - Implementation of Stage 1 activities on 2000 housing units.
- eThembeni IRDP Project No K15110002/1 - Implementation of Stage 1 activities on 2446 housing units.
- Bhobhonono and Masomini Housing project No K21080002 - Implementation of Stage 1 activities on 2000 housing units.
- Jika Joe Housing project - Social facilitation costs for 3015 dwellings.

Informal Economy Infrastructure Development

Balance unspent at beginning of year	81 854	1 719 951
Conditions met - transferred to revenue	(66 415)	(1 700 456)
Current year interest received	4 795	62 359
	20 234	81 854

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

Funding has been provided by the Department of Economic Development, Tourism and Environmental Affairs for the development of Informal economic infrastructure. Funding is to be used for the refurbishment of 250 existing informal trading stalls as well as the provision of additional support facilities and services in the Msunduzi Municipality CBD.

Jika Joe Community Residential Units

Balance unspent at beginning of year	-	7 909 450
Current-year receipts	5 021 543	12 986 042
Conditions met - transferred to revenue	(4 366 559)	(14 019 169)
Transfer to own revenue	(654 984)	(6 876 323)
	-	-

Funds provided by the Provincial Department of Human Settlements for the addressing of the housing backlog in the Municipality, and rental stock has been identified as a strategic intervention in addressing the formal accommodation needs. The Jika Joe project has been identified as a priority to address the Jika Joe informal settlement. The project also aims to relocate the residents from the existing Masukwana Street temporary housing and the removal of the structures.

Project funding for the Jika Joe project is inclusive of VAT. The Department of Human Settlements and Msunduzi Municipality on 25 February 2019 entered into an addendum to the memorandum of agreement for the adjustment of the Value added Tax from 14% to 15%. Provincial Treasury approved the rollover of unspent balances which was VAT on claims submitted to Department of Human Settlements in the 2019/ 2020 and 2020/2021 financial years. Council approved once the portion of the VAT on claims submitted is utilised in the project for prepaid water meters and temporary houses that were not funded by the Provincial Department of Human Settlements, the remaining balance be transferred to the Municipality as own revenue at the end of the financial year and subsequent years thereafter.

Library

Balance unspent at beginning of year	7 512 207	6 445 855
Current-year receipts	15 946 000	16 363 000
Conditions met - transferred to revenue	(16 172 386)	(15 780 786)
Current year interest received	429 937	484 138
	7 715 758	7 512 207

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

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39. Government grants and subsidies (continued)

Funds provided by the Provincial Department of Arts and Culture for the provision of library services.

Manaye Area Precinct Upgrade

Balance unspent at beginning of year	-	761
Current year interest received	-	26
Transfer to Youth Enterprise Park	-	(787)
	-	-

Funds received from Cooperative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade in order to assist the municipality in fulfilling the developmental mandate and achieving the outcome of improving the lives of the communities through the implementation of the Corridor Development Programme that contributes towards creating an enabling environment for economic growth and job creation.

Pietermaritzburg Airport

Balance unspent at beginning of year	47 442	359 982
Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(2 874 671)	(326 219)
Current year interest received	21 847	13 679
	194 618	47 442

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

The funding has been provided by the Economic Development, Tourism and Environmental Affairs for the improvement of the safety and security infrastructure of the Pietermaritzburg Airport.

Operation Dlulisumlando

Balance unspent at beginning of year	-	1 136 990
Transfer to own revenue	-	(50 186)
Conditions met - transferred to revenue	-	(1 086 804)
	-	-

Funds provided by the Office of the Premier to support the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative.

Tatham Art Gallery

Balance unspent at beginning of year	38 801	18 939
Current-year receipts	539 000	515 000
Conditions met - transferred to revenue	(439 045)	(503 358)
Current year interest received	28 050	8 220
	166 806	38 801

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

Funds provided by the Provincial Department of Arts and Culture for Tatham Art Gallery to provide financial support to the municipality with a focus on the development and maintenance of Museum care and the preservation of the cultural heritage.

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Figures in Rand	2023	2022
39. Government grants and subsidies (continued)		
Youth Enterprise Park		
Balance unspent at beginning of year	190 805	136 270
Current-year receipts	-	188 382
Conditions met - transferred to revenue	(197 683)	(140 025)
Current year interest received	10 084	5 391
Transfer from Manaye	-	787
	3 206	190 805

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

Funds received from Cooperative Governance and Traditional Affairs for the Youth Enterprise Park which emerged to address the challenges of finding appropriate localities for businesses. The concept of the park will be to cluster a purpose built park of 30 to 50 container enterprises in a particular locality either in community, small town or rural district or as part of urban or rural renewal programmes. The programme will also offer on site training facilities and support micro enterprises that operate within the park. The idea is to create a purpose built precinct at scale where the local community is able to take up local economic community opportunities to establish businesses. The Youth Enterprise Park should fundamentally be able to reconnect the economy with communities whose needs offer economic opportunity for its local entrepreneurs.

Eastwood Primary Substation

Balance unspent at beginning of year	6 077 724	-
Conditions met - transferred to revenue	(16 130 468)	(9 079 238)
Current-year receipts	10 000 000	15 000 000
Current year interest received	470 070	156 962
	417 326	6 077 724

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

Funding has been provided by the Department of Cooperative Governance and Traditional Affairs for the electrification project - Eastwood 132/11kv primary substation infrastructure, building of 132kv over head lines and refurbishment of the 132kv primary substation.

Eastwood was established to cater for the local growth in the industrial network between Riverside and Northdale Substations including to cater for the residential areas in the vicinity. This project will relieve the loads on the Riverside and Northdale substation strengthening the network and allow for future load growth.

The refurbishment of the Eastwood primary substation into effective service will bring a lot of benefits to the Willowton industrial area and the surrounding residential area.

The unspent balance is due to interest accumulated from the Grant and approval to spend the funds has to be submitted to the funder.

Corridor Development (Heroes Acre Memorial Park)

Balance unspent at beginning of year	6 606 654	-
Current-year receipts	-	6 600 000
Current year interest received	442 004	6 654
Conditions met - transferred to revenue	(487 434)	-
	6 561 224	6 606 654

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

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39. Government grants and subsidies (continued)

Funding has been provided by the Department of Cooperative Governance and Traditional Affairs.

The Heroes Acre Memorial Park is a symbol of bravery and selflessness for Moses Mabhida and Johnny Makhathini who played a significant role in the liberation struggle as exiled leaders of the South African Communist Party. In recognition of the liberation struggles, this project seeks to beautify, upkeep, maintain and repair the Heroes Acre as a place of honour, dignity and respect.

The project was approved on 10 June 2022 by Cooperative Governance and Traditional Affairs for implementation in the 2022/2023 financial year. This grant allocation has been gazetted in the Provincial gazette for the 2022/2023 financial year, however these funds were transferred to the Municipality on 23 June 2022.

LG Seta - Bursaries for employees

Balance unspent at beginning of year	-	-
Current-year receipts	167 982	-
Conditions met - transferred to revenue	(167 982)	-
	<u>-</u>	<u>-</u>

Funds received from Local Government SETA. This is a discretionary fund for bursary payments.

The LGSETA offers bursaries to both employees and unemployed youth to complete qualifications that are part of the LGSETA priority skills areas. The LGSETA pays the Municipality the funds so that we can pay this to the Educational Institute that the student is registered at. Msunduzi is their intermediary.

Upgrading of Informal Settlements

Balance unspent at beginning of year	-	-
Current-year receipts	58 395 414	-
	<u>58 395 414</u>	<u>-</u>

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

Funding provided by Department of Human Settlements for implementation of internal and external bulks services in housing projects as follows:

- Khalanyoni Informal Settlement Upgrade Housing Project No K15080002 - implementation of internal and external bulks services
- The Kwa 30 Informal Settlement Upgrade Housing Project No K15080001 - implementation of internal and external bulks services

Municipal Employment Initiative

Balance unspent at beginning of year	-	-
Current-year receipts	2 000 000	-
Current year interest received	76 549	-
	<u>2 076 549</u>	<u>-</u>

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

Funds received from Economic Development, Tourism and Environmental Affairs for the implementation of a Municipal Employment Initiative whereby the municipality will identify, evaluate, fund and support informal, micro and small business enterprises in their area of jurisdiction through a fair and transparent process to create job opportunities and stimulate local economic development within the formal and informal sectors that will target vulnerable groups in the rural and township areas.

40. Other transfers

Living resources(Non exchange)	1 600	60 000
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40. Other transfers (continued)		
Other transfers - living resources relate to increases in game animals due to births.		
41. Bad debts written off		
Bad debts written off	26 721 381	75 248 154
Prior to write off of bad debts it must be proved that the debt has become irrecoverable and all reasonable steps were taken to recover the debt.		
42. Bulk purchases		
Electricity	2 350 400 905	2 212 724 552
43. Debt impairment		
Contribution to debt impairment	71 195 569	776 532 709
Reconciliation of debt impairment		
Electricity	3 502 034	23 993 313
Rates	(63 618 119)	68 071 039
Refuse	(3 146 854)	36 640 457
Property rental	(43 918 358)	34 191 502
Sanitation	(2 650 295)	56 120 270
Water	162 375 004	544 599 488
Total consumer debtors	52 543 412	763 616 069
Cashier's shortages	22 267	-
Statutory receivables - traffic fines	18 629 890	12 916 640
	71 195 569	776 532 709
44. Depreciation and amortisation		
Property, plant and equipment	332 242 279	359 608 355
Intangible assets	5 157 235	6 037 323
Living resources	52 872	53 636
	337 452 386	365 699 314

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45. Employee related costs		
Municipal Staff		
Acting allowances	14 316 639	17 974 201
Basic salaries	904 392 805	835 802 279
Bargaining council	425 909	381 278
Bonus	66 803 239	66 883 799
Housing benefits and allowances	4 537 364	4 245 866
Leave pay provision	6 479 850	20 337 447
Long-service awards	28 603 973	27 822 576
Medical aid	71 777 112	65 682 745
Other allowances (tools, uniform, telephone etc)	5 353 318	19 324 073
Overtime payments	119 913 416	110 878 152
Pension contribution	172 772 916	161 249 416
Post employment medical aid benefit	73 011 000	62 450 000
Scarcity allowance	7 924 699	7 398 257
SDL	11 574 457	11 045 996
Standby allowance	25 942 349	25 063 961
Travel/Motor vehicle allowance	30 194 954	28 723 601
UIF	7 284 592	6 789 092
WCA	895 782	1 538 779
	1 552 204 374	1 473 591 518
Remuneration of City Manager		
Basic salary	915 206	1 045 975
Bargaining council	97	93
Contributions to UIF, medical and pension funds	193 810	190 516
Housing allowance	10 528	-
Leave gratuity	135 964	105 808
Phone allowance	19 800	-
Travelling allowance	96 861	-
	1 372 266	1 342 392
Remuneration of Chief Finance Officer		
Acting allowance	139 334	69 667
Basic salary	1 189 101	1 228 641
Bargaining council	130	124
Bonus	60 000	60 000
Contributions to UIF, medical and pension funds	161 934	121 833
Housing allowance	180 000	180 000
Leave pay provision	(5 086)	19 462
Phone allowance	14 400	14 400
Travelling allowance	176 016	176 493
	1 915 829	1 870 620
Remuneration of Chief Audit Executive		
Basic salary	1 259 037	1 200 226
Bargaining council	130	124
Bonus	104 920	100 019
Contributions to UIF, medical and pension funds	267 265	254 898
Housing allowance	12 141	11 574
Leave pay provision	(6 248)	14 288
Phone allowance	13 800	13 800
Travelling allowance	153 262	153 262
	1 804 307	1 748 191

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Figures in Rand	2023	2022
45. Employee related costs (continued)		
Remuneration of General Manager : Corporate Services		
Basic salary	1 311 588	1 304 980
Bargaining council	130	124
Bonus	90 000	90 000
Contributions to UIF, medical and pension funds	238 212	236 937
Phone allowance	20 400	20 400
Leave pay provision	(2 387)	811
Travelling allowance	127 251	127 251
	1 785 194	1 780 503
Remuneration of General Manager : Sustainable Development and City Enterprises		
Basic salary	1 017 935	958 373
Bargaining council	130	124
Contributions to UIF, medical and pension funds	62 209	59 318
Leave pay provision	(2 734)	11 511
Phone allowance	14 400	14 400
Travelling allowance	338 550	338 550
	1 430 490	1 382 276
Remuneration of General Manager : Community Services		
Acting allowance	-	3 698
Basic salary	1 290 708	1 354 200
Bargaining council	119	124
Contributions to UIF, medical and pension funds	23 121	15 111
Leave pay provision	-	5 600
Phone allowance	18 700	20 400
	1 332 648	1 399 133
Remuneration of General Manager : Infrastructure Services		
Basic salary	1 243 352	1 354 200
Bargaining council	130	124
Contributions to UIF, medical and pension funds	74 465	2 040
Leave pay provision	(2 730)	7 155
Phone allowance	8 700	23 600
Travelling allowance	98 965	-
	1 422 882	1 387 119
The General manager : Infrastructure services was appointed on the 1st of August 2022.		
City Manager	1 372 266	1 342 392
Chief Finance Officer	1 915 829	1 870 620
Chief Audit Executive	1 804 307	1 748 191
General Manager : Corporate Services	1 785 194	1 780 503
General Manager : Sustainable Development and City Enterprises	1 430 490	1 382 276
General Manager : Community Services	1 332 648	1 399 133
Remuneration of General Manager : Infrastructure Services	1 422 882	1 387 119
Subtotal	11 063 616	10 910 234
Municipal staff	1 552 204 374	1 473 591 518
	1 563 267 990	1 484 501 752

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46. Finance costs		
Non-current borrowings	18 697 039	26 893 932
Trade and other payables	124 524 855	21 602
	143 221 894	26 915 534

The non-current borrowings finance costs relate to the DBSA loans (Refer to note 16 for further details)

47. General expenses

Air pollution monitoring	352 975	22 200
Air traffic control	4 058 159	4 244 614
Animal care	-	1 482 653
Artists and performers	286 016	17 408
Burial services	286 231	24 000
Business and financial management services	74 968 446	55 517 777
Cleaning services	6 329 286	6 961 976
Clearing and grass cutting services	5 534 892	6 134 225
Communications	3 348 220	982 583
Commission- prepaid electricity vendors	3 767 722	3 331 253
Connection/dis-connection	8 509 274	3 567 467
External security services	120 422 705	102 619 888
Graphic designers	71 905	85 110
Infrastructure and planning consultancy	12 006 713	10 229 560
Legal costs	43 078 559	35 912 958
Medical services	239 054	118 496
Organisational transformation	3 596 078	2 601 165
Outsourced repairs and maintenance	207 554 783	205 101 818
Project management	19 842 021	24 272 875
Professional valuation services	1 106 893	1 821 497
Quality control - bacteriological	-	44 105
Refuse removal	6 433 598	4 150 017
Research and advisory	-	640 605
Sewerage services	275 393 338	222 909 092
Transportation	317 000	553 656
	797 503 868	693 346 998

48. Inventory consumed

Consumables	105 867 610	81 812 717
Materials and supplies	4 368 543	2 494 935
Water	629 100 228	737 482 753
	739 336 381	821 790 405

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
49. Operational costs		
Advertising	5 154 545	5 320 537
Bank charges	4 857 422	4 560 388
Bursaries (employees)	167 982	126 170
Catering municipal activities	1 636 360	1 504 018
Commission	14 220 787	14 155 299
Communication	11 028 855	5 669 994
Conferences and seminars	127 931	1 139 543
Drivers licenses and permits and other	1 995	1 746
Entertainment	27 850	16 957
External audit fees	15 093 684	12 136 245
External computer services	28 420 106	8 381 438
Insurance	10 608 979	13 071 919
Interest cost - provisions	7 591 978	6 680 957
IT expenses	26 700	25 484
Learnerships and internships	1 038 489	969 809
Motor vehicle expenses	4 573 619	5 202 774
Municipal services	17 081 773	11 856 671
Office decorations	-	64 858
Printing, publication and books	2 043 310	3 661 560
Signage	-	292 750
Subscriptions and membership fees	9 316 337	16 444 415
Storage of files	-	3 924
Title deed search fees	-	543
Travel - local	2 984 118	492 208
Uniform and protective clothing	7 039 797	8 517 418
	143 042 617	120 297 625
50. Operating leases		
Motor vehicles		
Contractual amounts	17 283 928	19 824 061
Equipment		
Contractual amounts	15 288 727	9 338 238
	32 572 655	29 162 299

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
51. Remuneration of councillors		
Mayor	1 436 209	1 368 792
Deputy Mayor	1 166 483	1 116 880
Speaker	1 168 643	1 110 085
Chief Whip	1 022 410	1 092 013
Executive Committee Members	8 140 598	8 239 202
Municipal Public Account Committee chairperson	996 508	1 022 587
Councillors	37 886 654	35 467 468
Total Remuneration of Councillors	51 817 505	49 417 027
Remuneration of Mayor		
Basic salary	1 159 587	1 100 919
Pension Contributions	173 938	165 138
Medical aid contributions	60 084	58 335
Phone allowance	42 600	44 400
	1 436 209	1 368 792
Remuneration of Deputy Mayor		
Basic salary	1 125 083	1 005 937
Medical aid contributions	-	16 844
Pension contributions	-	48 266
Phone allowance	41 400	45 833
	1 166 483	1 116 880
Remuneration of Speaker		
Basic salary	789 885	745 311
Medical aid contributions	54 693	52 515
Pension contributions	117 699	111 797
Phone allowance	42 600	44 400
Travelling allowance	163 766	156 062
	1 168 643	1 110 085
Remuneration of Chief Whip		
Basic salary	823 596	906 481
Medical aid contributions	25 729	24 995
Pension contributions	122 085	89 889
Phone allowance	51 000	36 333
Travelling allowance	-	34 315
	1 022 410	1 092 013
Remuneration of Executive Committee Members		
Basic salary	6 807 100	6 581 685
Housing allowance	41 595	28 423
Medical aid contributions	253 024	236 802
Pension contributions	265 291	512 456
Phone allowance	372 406	275 133
Travelling allowance	401 182	604 703
	8 140 598	8 239 202
Remuneration of other councillors		
Basic salary	29 491 886	27 143 856
Housing allowance	39 020	71 416
Medical aid contributions	1 391 165	1 223 798
Pension contributions	1 816 014	2 079 085

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
51. Remuneration of councillors (continued)		
Phone allowance	3 162 082	2 277 867
Travelling allowance	1 986 487	2 671 446
	37 886 654	35 467 468
Municipal Public Accounts Committee Chairperson		
Basic salary	911 004	829 210
Medical aid contributions	37 451	32 187
Pension contributions	-	43 326
Phone allowance	48 053	33 383
Travelling allowance	-	84 481
	996 508	1 022 587
Other information		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time.		
52. Transfer and subsidies		
Grants paid to ME's		
Safe City Msunduzi NPC	12 877 892	12 416 889
Other subsidies		
Arbitration awards	8 372 710	8 318 074
Grant in aid	6 420 000	9 000 000
Injury on duty	1 689 068	1 811 361
Post retirement benefits	202 585	784 879
	16 684 363	19 914 314
	29 562 255	32 331 203
53. Actuarial gains/(losses)		
Long service	3 131 120	2 887 671
Post retirement benefit - medical aid	80 810 771	(1 383 351)
	83 941 891	1 504 320
Refer to Note 20		
54. Fair value adjustments on investment property		
Investment property (fair value model)	28 124 701	14 807 164
55. Fair value on agricultural assets		
Fair value on agricultural assets	(4 400 000)	(16 100 000)

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
56. Impairment loss		
Impairments		
Property, plant and equipment	(5 631 396)	(6 885 251)
The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted.		
Heritage assets	(7 600 120)	(26 267)
A grading system which reflects the condition of each asset in relation to a monetary value whereby 0 indicated a 100% loss of value and 5 signified 100% retention of value with a sliding scale for the degree of damage apropos value was used to arrive at the impairment value.		
	(13 231 516)	(6 911 518)
57. Inventory losses		
Inventories losses	(2 457 117)	(1 089 538)
58. Cash generated from operations		
Surplus(deficit) for year	525 680 299	(233 816 119)
Adjustments for:		
Depreciation and amortisation	337 452 386	365 699 314
(Gain) /(loss) on sale of assets	(500 085)	(4 361 951)
Fair value adjustments	(28 124 701)	(14 807 164)
Impairment loss	13 231 516	6 911 518
Debt impairment	71 195 569	776 532 709
Bad debts written off	26 721 381	75 248 154
Movements in retirement benefit assets and liabilities	(35 593 000)	35 386 000
Movements in provisions	7 591 978	4 090 654
Fair value on agricultural assets	4 400 000	16 100 000
Inventory losses	2 457 117	1 089 538
Donations and transfers -non cash	(1 600)	(60 000)
Changes in working capital:		
Inventories	(43 569 158)	(10 136 168)
Other debtors	(75 807 181)	(7 346 922)
Consumer debtors	(507 106 135)	(875 590 712)
Statutory receivables	(115 648 437)	(110 644 168)
Payables from exchange transactions	556 935 685	537 184 135
VAT	6 923 715	(1 597 741)
Transfers payable (non-exchange)	(4 523 428)	(1 623 412)
Unspent conditional grants and receipts	39 845 333	(43 286 187)
Consumer deposits	9 116 384	12 314 492
HDF - housing operating fund	-	8 769 552
	790 677 638	536 055 522
59. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	951 988	859 758
Amount paid - current year	(951 988)	(859 758)
	-	-

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	334 281	210 569
Current year subscription / fee	15 093 684	12 136 245
Amount paid - current year	(14 872 987)	(11 801 964)
Amount paid - previous years	(334 281)	(210 569)
	220 697	334 281

PAYE and UIF

Opening balance	17 290 420	15 757 828
Current year subscription / fee	220 847 140	211 333 069
Amount paid - current year	(221 489 437)	(209 800 477)
	16 648 123	17 290 420

Statutory payments are due by the 7th of the following month.

Pension and medical aid deductions

Opening balance	31 886 183	31 158 111
Current year subscription / fee	410 208 281	380 603 702
Amount paid - current year	(407 456 673)	(379 875 630)
	34 637 791	31 886 183

Total medical aid and pension contributions are payable by the 4th and 7th of the following month respectively.

VAT

VAT payable	(185 012 600)	(178 088 885)
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Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days.

30 June 2023	Outstanding more than 90 days
Mzimkhulu Thebolla	1 291
30 June 2022	Outstanding more than 90 days
Mzimkhulu Thebolla	605

Included in the consumer debtors impairment (Refer to note 7) is Councillors in arrears outstanding debt. The total councillors' impairment is Nil (2022 :Nil)

Bad debts recognised in the Statement of Financial Performance relating to Councillors amounts to Nil (2022: Nil). Refer to note 42

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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60. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process".

This would typically include urgent and emergency cases, single-source/sole providers of goods and services, and any other cases where it is impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next council meeting for noting.

Deviations per category

Advertisements	981 573	998 767
Computer expenditure	3 972 543	-
Health and safety	-	597 934
Legal	1 690 225	1 464 360
Other	1 360 753	100 094
Repairs and maintenance	1 105 879	1 215 219
Repairs to motor vehicles	15 739 784	14 975 354
Rate based contracts	-	58 959 671
Service delivery	827 474	-
Uniforms	295 458	3 842 770
Forensic	3 267 196	-
	29 240 885	82 154 169

Contract number	Contract name	Description of contract	Reasons for deviation	2023 Contract amount
Database	Various companies	Repairs to motor vehicles	Strip and Quote in terms section 36(1)V " in any other exceptional case where it is impractical or impossible to follow the official procurement processes	15 739 784
Various orders	Various companies	Advertisement costs	Sole supplier	981 573

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Notes to the Annual Financial Statements

Figures in Rand		2023	2022
60. Deviation from supply chain management regulations (continued)			
Contract no.4/S36 of 21/22	Adroit Technologies	Appointment of The service provider for software upgrade and maintenance of the scada system appointment of service provider for software upgrade and maintenance of the scada system	840 561
		department is in possession of Adroit Technologies SCADA Software network that was developed and modeled using Adroit Technologies SCADA System which cannot be accessed using a different software. Instead purchasing software would be easier to upgrading the existing system.	
Contract no.8/S36 of 21/22	Siemens Mobility (Pty) Ltd	Supply and delivery of traffic signal controllers	266 048
		Due to Siemens Mobility (Pty) Ltd being the sole suppliers of Siemens Traffic Signal Controllers that are being utilized by the municipality.	
Contract no.8/S36 of 21/22	Syntell (Pty) Ltd	Supply and delivery of traffic signal controllers	561 426
		Due to Syntell (Pty) Ltd being the sole suppliers of Syntell Traffic Signal Controllers that are being utilized by the municipality.	

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Notes to the Annual Financial Statements

Figures in Rand		2023	2022	
60. Deviation from supply chain management regulations (continued)				
Contract no.10/S36 of 21/22	Evaluations Property Enhanced Solution	Appointment of a service provider for the conclusion of G.V 2019 appeals	The appeals were conducted during the 1st wave of COVID 19 as a result, one of the appellants who has lodged about 74 appeals, was not able to attend as he had contracted the virus was admitted in hospital. The appellant has advised that he is still interested in pursuing his appeals as he is now fully recovered from COVID 19.	365 217
Contract no.14/s36 of 21/22	Govert Vetten Forensic Investigator	Appointment of an independent forensic consultant (expert)	To preserve evidence on allegations, only the forensic investigator that conducted the investigation can be consulted in disciplinary matters and attend meetings in criminal investigation. This therefore means that it is impractically impossible to follow the official procurement process.	2 229 458
	Diya Valves	Urgent water works to support service delivery	Emergency repairs to service delivery infrastructure	600 374
	Diya Valves	Emergency repairs - ward 17 pipe bridge	Emergency repairs to service delivery infrastructure	24 768

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand		2023	2022	
60. Deviation from supply chain management regulations (continued)				
	Umgeni Water	Emergency repairs - ward 17 pipe bridge	Emergency repairs to service delivery infrastructure	60 132
	CAB 1983	Bulk printing of statement	Impractical to follow the official procurement processes	95 596
Contract no.1/S36 of 22/23	Zondle Assets Management	Appointment of burning and hoeing of fire breakings and fire standby services for the Msunduzi forestry	Due to the appointed service provider withdrawing from the contract. it is imperative to appoint the service provider for the fire breaks to ensure that the municipal forest remains compliant, meets the conditions of cover from the insurer and also to safeguard from the eminent threat of fire damage.	899 940
Contract no.3/S36 of 22/23	Sysman Vunumphelo	Appointment of a service provider for the specialised software service level maintenance and licensing agreement for the emergency control centre (ECC)	Sysman Vunumphelo are the sole custodians of the software that the municipality uses.	326 213
Contract no.5/S36 of 22/23	IMQS Software Pty Ltd	Annual license and software maintenance agreement(AL SMA)	IMQS Pty Ltd are the sole provider/supplier of this software as they were the developers of the software.	312 979

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand			2023	2022
60. Deviation from supply chain management regulations (continued)				
Contract no. 6/S36 of 22/23	OPTO Gauteng Pty Ltd	Weighbridge software system	Opto Pty Ltd has developed the Weighbridge System and is a sole provider to support this system.	215 675
Contract no. 7/S36 of 22/23	Nasa Industrial	Supply and delivery of protective clothing	Due to failure of a supplier to deliver the goods requested and the withdrawal of another supplier sighting sequential liquidation.	295 458
Contract no. 8/S36 of 22/23	Diya Valves Internationals	Supply and delivery of water and sanitation supplies	Due to failure of a supplier to deliver the goods requested.	326 355
Contract no. 9/S36 of 22/23	Mark Webber t/a The Clockmaker	Appointment of a service provider for the servicing and maintenance of the City Hall clock	Mark Webber is the only person known who has the required skills and expertise to carry out the servicing and maintenance of the City Hall clock which is a heritage building element.	94 250
Contract no. 10/S36 of 22/23	Govert Vetten Forensic Investigator	Appointment of an independent forensic consultant (expert)	To preserve evidence on allegations, only the forensic investigator that conducted the investigation can be consulted in disciplinary matters and attend meetings in criminal investigations.	990 037

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand			2023	2022
60. Deviation from supply chain management regulations (continued)				
Contract no. 11/S36 of 22/23	FIIQ (Pty) Ltd	Appointment of a cyber forensic investigation consultant	The deviation is requested due to the fact that this is a specialized service and the current panel of internal auditors do not possess this skill.	47 700
Contract no. 12/S36 of 22/23	Doble Engineering Africa (Pty) Ltd	The provision of support services on all doble instruments used by Msunduzi municipality	Sole supplier of software and hardware which the municipality uses.	151 315
13/S36 of 22/23	Lexis Nexis	The appointment of Lexis Nexis to provide a legal reseach database	Lexis Nexis are the sole provider of the service.The deviation is approved in terms of regulation 36(1)(ii) of the Municipal Finance Management Regulations	124 615
14/S36 of 22/23	Advocate Mlotshwa and Advocate Nkosi	Appointment of an evidence leader and presing officer for disciplinart proceedings	Due to the fact that the advocates appointed to prosecute and preside over disciplinary proceedings are appointed directly .This is an exceptional case where it is impractical or impossible to follow the official procurement processes	1 565 611

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand		2023	2022	
60. Deviation from supply chain management regulations (continued)				
15/S36 of 22/23	Cyberfox	Supply, delivery, installation and commissioning of building plan that the management	Cyberfox are the sole custodians of the software that the Municipality uses. The system was developed by the service provider for the municipality and all upgrades can only be done by the service provider. it is impractical or impossible to follow the official procurement processes	2 125 800
2S36 of 22/23	Total Client Service	Appointment of a service provider for the traffic contravention system	Total Client Services are the sole custodians of the software that the Municipality uses. The deviation is approved in terms of regulation 36(1)(ii) of the Municipal Finance Management Regulations	

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
60. Deviation from supply chain management regulations (continued)		
16/S36 of 22/23		
Morar Incorporated	Supply, delivery, installation and commissioning report in its entirety and management	Morar Incorporated prepare the report and are required for the processes of consequence management and one of the recommendations of the report was to institute disciplinary actions against implicated officials. In the event Morar is not engaged to provide the necessary information and evidence, the prosecutor will not be able to proceed with the matter as Morar remains central to finalisation of the disciplinary matters contained in their report. The deviation is approved in terms of regulation 36(1)(ii) of the Municipal Finance Management Regulations
		29 240 885

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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61. Supply Chain Management regulation 45 of the MFMA

Awards to close family members of persons in the service of the state.

Name of the service provider	Employee name	Job title	Organ of state	Amount paid
The Borain Brothers cc T/A Borain Leyland	Mchunu Nomvula Teressa	General Worker Infra Structure	Msunduzi Municipality	-
Mathew Francis Inc	Brenden Sivparsad	Senior Manager Water and Sanitation	Msunduzi Municipality	102 425 181
Eka GP Trading Enterprise	Nhlakanipho Wiseman Gini Dlamini	General Assistant Mechanical Workshop	Msunduzi Municipality	-
Valimbo Primary Co-Operative	Mzwenzhlanhla Wiseman Khoza	General Assistant Waste Management	Msunduzi Municipality	-
Ekuseni Investment Holdings Gibb (Pty) Ltd	Sandile Dlamini K. Pillay	Councillor Data Capturer	Department of Education	- -
	P. Pillay Alan Moon	Educator Head : Business Continuity	Department of Education City of Cape Town	- -
	John Watson	Director - Accounting Support and Reporting	National Treasury	
	Leigh Stolworthy	Principle : Professional IRT System Planning	Department of Education	
	Sonnika Cilliers Nokuthula Mkhize	Educator Accounting Clerk	Department of Education National Department of Water Affairs and Forestry	
	Jeanne Mare	Senior Educator	Department of Education	
	Imra Brink Nkosinathi Mzayiya	Educator Correctional Officer	Department of Education Department of Correctional Services	
	Jacqueline Gooch	Head of Department	Department of Transport	
	Unathi Lekonyana	Deputy Director : Grant Monitoring and Analysis	Deputy Director: Grant Monitoring and Analysis	
	Douglas Kiewiet	Area Manager (North)	National Department of Water Affairs and Forestry	
	Rajiv Beharie	Senior Engineer	Eskom	
	M B Haq	Architect / Town Planner	City of Cape Town	-

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Notes to the Annual Financial Statements

Figures in Rand				2023	2022
61. Supply Chain Management regulation 45 of the MFMA (continued)					
Isibuko Development Planners	Mrs Hlongwa	Assistant Director	Department of Social Development	1 422 130	
Ihawu Firearms Centre	IS - Affleck	Rifleman Parachute	SANDF Reserve Force	51 574	
Govert Vetten	S. Vetten		Western Cape Department of Health	4 296 062	
Mkholwa IT Services	Nombuso Mabizela	Chief Town Planner	Msunduzi Municipality	3 053 547	
				111 248 495	

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
62. Irregular expenditure		
Opening balance as previously reported	672 391 933	566 089 144
Prior period error KSA reclassification	(21 353 619)	-
Prior period error Yashua Aqua Jet reclassification	(2 215 165)	-
Opening balance as restated	648 823 149	566 089 144
Add: Irregular expenditure - relating to prior year	-	26 072 427
Add: Irregular expenditure - relating to current year	59 889 157	80 230 362
Closing balance	708 712 306	672 391 933

Analysis of expenditure awaiting Council's decision for write off or recovery per age classification

2008/2009	4 689 501	4 689 501
2009/2010	6 277 108	6 277 108
2010/2011	4 084 312	4 084 312
2011/2012	43 930	43 930
2013/2014	12 650	12 650
2014/2015	814 711	814 711
2016/2017	173 135 231	173 135 231
2015/2016 and 2016/2017 written off	(66 475 518)	(66 475 518)
2017/2018	175 906 287	175 906 287
2018/2019 plus comparative periods identified in current year	226 367 643	226 367 643
2013/14, 2014/15, 2017/18 and 2018/19 written off	(73 052 938)	(73 052 938)
2019/2020	56 675 709	56 675 709
2019/2020 identified in 2020/2021	6 844 388	6 844 388
2020/2021	50 766 130	50 766 130
2020/21 identified in 2021/22	26 072 427	26 072 427
2021/2022	80 230 362	80 230 362
2022/2023	59 889 157	-
22/23 Prior year error (incorrect treatment amount should have been treated as fruitless and wastfull expenditure)	(21 353 619)	-
Prior year Error Yashua Aqua Jet reclassification	(2 215 165)	-
	708 712 306	672 391 933

Incidents/cases identified in the current year include those listed below:

Cases under investigation

Irregular expenditure has not been written off or condoned.

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the prescribed manner.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the municipal council may write off the amount as debt impairment and disclose such in the irregular expenditure note.

In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council.

Municipal Supply Chain Management policies or by laws	59 889 157	80 230 362
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Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
63. Commitments		
Authorised capital expenditure		
Approved and contracted		
• Property, plant and equipment	265 523 475	301 772 284
Total capital commitments		
Already contracted for but not provided for	265 523 475	301 772 284
Authorised operational expenditure		
Already contracted for but not provided for		
• Approved and contracted	637 031 318	485 190 675
Total operational commitments		
Already contracted for but not provided for	637 031 318	485 190 675
Total commitments		
	902 554 793	786 962 959

The future commitments will be financed through council own funding, national and provincial grants in terms of DORA. Commitments are exclusive of Value Added Taxation.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	4 407 911	-
- in second to fifth year inclusive	8 815 822	-
	13 223 733	-

Operating lease payments represent rentals payable by the municipality for certain office equipment.

The previous contract expired on the 30th of June 2022 and extended on a month to month basis up to 30 June 2023. The new contract is effective from the 1st July 2023.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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64. Contingencies

The municipality is defending various litigation and claim cases against it.

Should the litigation and claims against the municipality be successful the total estimated liability of all the cases is approximately R243 136 791 (2022 : R242 737 174).

Refer to Appendix E for further details.

Contingent assets

The Municipality has instituted claims in cases below:

1. The Municipality is claiming from EOH Mthombo for the provision of services of installing the SAP system and ensuring that the system is fully functional and live. The municipality's claim is based on the following:

- The breach of contract by EOH.
- Failure to perform according to their skills and expertise.
- and wilful misrepresentation.

The municipality is a plaintiff in the litigation case.

Should the litigation and claims be successful in favour of the Municipality, the total estimated cash inflow of these cases is approximately R190 472 807 (2022 : R190 472 807).

2. Civil proceedings were instituted against Mr C.O. Lotz and Mr S. Hadebe in relation to salary payments to a manager that never reported for duty .

Should the litigation and claim be successful in favour of the Municipality, the total estimated cash inflow of this case is approximately R1 649 974 (2022 : R1 649 974)

3. The Municipality is litigating Inzama Construction for harvesting timber from compartments not specified in the bid documents.

Should the litigation and claim be successful in favour of the Municipality, the total estimated cash inflow of this case is approximately R1 000 000 (2022 : Nil)

65. Unauthorised expenditure

Opening balance as previously reported	1 666 547 369	2 257 535 679
Opening balance as restated	1 666 547 369	2 257 535 679
Less: Amount written off - prior period	(1 666 547 369)	(1 101 117 445)
Expenditure identified - current year	-	510 129 135
Closing balance	-	1 666 547 369

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	510 129 135
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Analysed as follows: non-cash

Bad debts written off	-	6 366 378
Debt impairment	-	503 762 757
	-	510 129 135

Msunduzi Local Municipality

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Figures in Rand	2023	2022
66. Fruitless and wasteful expenditure		
Opening balance as restated	17 719 040	17 037 460
Add: fruitless and wasteful expenditure - relating to current year	153 182 256	681 580
Closing balance	170 901 296	17 719 040
Analysis of expenditure awaiting Council's decision for write off or recovery per age classification		
2006/2007	92 967	92 967
2008/2009	15 167	15 167
2009/2010	2 696 668	2 696 668
2010/2011	235 478	235 478
2011/2012	879 143	879 143
2012/2013	36 490	36 490
2013/2014	162 279	162 279
2014/2015	449 104	449 104
2015/2016	242 977	242 977
2016/2017	11 455 538	11 455 538
2017/2018	16 744 573	16 744 573
2018/2019	3 542 655	3 542 655
2019/2020	7 941 214	7 941 214
2008/2009 to 2019/2020 written off	(34 571 804)	(34 571 804)
2020/2021	7 115 011	7 115 011
2021/2022	681 580	681 580
2022/2023	153 182 256	-
	170 901 296	17 719 040
Details of fruitless and wasteful expenditure		
Cancellation of tenders	253 059	315 372
Interest on late payments : Eskom	1 134	1 515
Interest on Icon Construction	-	20 086
Salaries and wages for suspended employees with unresolved cases within prescribed timeframe	1 337 222	108 773
Abuse of vehicle; Overtime fraud and Absenteeism No: FI-08/2020-21	-	103 961
Fraudulent acting allowances and stand by allowances No: FI-04/2020-21	-	131 873
Abuse of vehicle; overtime fraud and absenteeism P.P. Khoza	532 350	-
Fraud Mr Rethabile P Molo	311 774	-
Irregularities on standby allowances Mr S.J. Zungu	24 197	-
Irregularities in appointment of Mr Sithembiso Wilson Mhlongo	567 618	-
Fraud Ms K. E Thenjwayo	1 283 213	-
Abuse of vehicle overtime fraud and absenteeism M.E. Manqele	648 365	-
Khuselani security fruitless and wasteful expenditure - fraud AG findings	21 353 619	-
Stateway interest AG findings	34	-
Adroit interest AG findings	4 290	-
Air traffic AG findings	22 155	-
N.P. Memmela fraud	103 961	-
Mnembe, Mr Mngadi, Mr Safali and Malinga fraud	9 145	-
Yeshua Aquajet fraud	2 215 165	-
B.L. Mthethwa fraud	17 712	-
Eskom interest bulk	58 838 350	-
Umgeni interest bulk	65 658 893	-
	153 182 256	681 580

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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66. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure has not been written off or condoned.

Section 32(2)(b) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed.

In the case of irregular and wasteful and fruitless expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there is no movement between financial years 2008/2009 to 2021/2022 as the investigations are still open and as soon as they are closed Council will write off or condone this expenditure.

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs.

Staff have been advised on possible recovery of costs due to negligence.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
67. Electricity and water losses		
Electricity losses		
Units purchased - kWh	1 670 147 995	1 716 486 536
Units sold - kWh	(1 264 248 956)	(1 290 028 774)
Loss - kWh	405 899 039	426 457 762
Electricity loss as a percentage	24,08	24,67
Costs per kWh in cents	1,36000	0,85000
Electricity losses in rand value	554 027 823	362 588 493

The significant electricity losses of 405 899 039 kWh occurred during the year under review, which resulted in material revenue losses to the municipality.

The increase of losses from previous financial year may be as a result of the following:

Some of the main contributing factors to increased electricity losses are:

Non –Technical Losses

- Illegal connections.
- Infrastructure vandalism.
- Metering inaccuracies (due to faulty meters).
- Unmetered energy (meter tempering or bypassing the meter at the customer meter).
- Revenue collection

Technical losses (these are inherent in the distribution networks and cannot be eliminated):

- Ageing infrastructure that results in increased power dissipation during transmission and distribution on lines, cables and transformers in the system.
- Overloading.

How are these non technical and technical losses being addressed

Strategy to minimize electricity losses has been developed and is being implemented in line with available resources.

Water losses		
Units purchased (kl)	79 239 160	81 746 217
Units sold (kl)	(56 227 945)	(57 649 623)
Real losses (kl)	18 639 084	19 518 241
Apparent losses	4 372 131	4 578 353
Total water losses (kl)	23 011 215	24 096 594
Water loss as a percentage	29,04	29,50
Cost per kl in cents	8,365	9,981
Water loss in rand value	192 488 813	240 510 514

Msunduzi Local Municipality

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Figures in Rand	2023	2022
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67. Electricity and water losses (continued)

- MFMA circular dictates that real losses and apparent losses be considered jointly as total water losses.
- A calculated outcome of 23 011 215 kl was identified as a material water loss for the 2022/2023 year under review.
- Budgetary and personnel constraints to effectively and efficiently undertake maximum service delivery efforts.
- Resultant outcome was that there were frequent burst pipes.
- Many areas were without water for long periods of time due to the complexities of initiating repairs.
- Furthermore the slippery environmental conditions did not allow for reasonably quick repairs.
- In addition there were shortages of essential materials to undertake repairs timeously.
- Financial and personnel constraints to undertake re-active measures within the shortest time period.
- The recent flood damage has further weakened the Water Infrastructure thus resulting in more frequent bursts and subsequently increases in water losses
- The above items can be attributed to the physical water losses of 29,04 %.

Core water loss initiatives undertaken in 2022/23 financial year

- 52744 water meters were audited from July 2022 to June 2023 (Inventory and Inspection for accuracy and correct billing) in order to reduce estimations and improve billing.
- 2972 water meters (cumulative) were replaced by contractors in order to reduce estimations and improve billing. (Does not include in-house meter replacements).
- Leak detection and repairs has commenced for the 2022/23 financial year.
- Reactively responded to 1308 Burst pipes that were reported and repaired in the 2022/2023 financial year.
- Monthly water balances were undertaken in line with the International Water Association balance principles and guidelines.

The following core Non-Revenue Water Interventions are proposed for the 2023/24 financial year

Real Losses Interventions:

- Pressure reduction (rezoning).
- Pressure reduction (implementation).
- PRV (pressure reducing valves) optimization.
- Leak detection.
- Leak repair.
- Reservoir inspection and control valve optimization

Billing Improvement Interventions:

- | | |
|------------------------------------|------------|
| •Meter replacements | 2972 units |
| •Burst pipes | 1914 units |
| •Meter removed/ hard disconnection | 1045 units |
| •Bulk Meter | 296 units |
| •Direct/ Straight connection | 311 units |
| •Meter tamperings | 469 units |
| •Unable to locate water meter | 4725 units |
| •Top consumer Investigation | |
| •Meter reading accuracy | |
| •Non-domestic meter replacement | |
| •Domestic meter replacement | |

68. Non - compliance with Municipal Finance Management Act

The Municipality did not comply with section 65(2)(e) of the MFMA.

There were instances of non-compliance wherein some suppliers were not paid within 30 days.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
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69. Accounting by principals and agents

The Municipality is party to principal-agent arrangements.

Details of the arrangements are as follows:

Department of Human Settlements KwaZulu Natal (Housing Projects)

The Municipality is Level 1 accredited Municipality and in terms of the Implementation Protocol. Msunduzi Local Municipality is accredited in terms of section 10 of the Housing Act to Administer all the National programmes on behalf of the Provincial Department of Human Settlements. The Municipality is authorised within its municipal area to manage and administer all Housing programmes as per Para 7 of the Implementation Protocol.

Sale of Prepaid Electricity

The municipality utilises the service of an agent for provision of supply, delivery, installation and commissioning of an online hosted prepayment electricity vending and revenue management system for the Msunduzi Local Municipality.

There is a binding arrangement where Contour Technology (Pty) Ltd (agent) undertakes transactions with 3rd parties, on behalf of, and for benefit of, Msunduzi Local Municipality (principal).

Terms and conditions are as per the contract and no changes occurred during the reporting period.

No risks as the Municipality is able to access the Contour prepaid electricity and is able to reconcile monies paid to the municipality by the agent to the actual sales as per the reports for correctness.

Department of Transport (Driver's licences)

The municipality acts as an agent of the Kwa-Zulu Natal Department of Transport for the following services:

- Application for renewal of driving licence
- Issue of credit card format driving licence, including eye test and fingerprints
- Issue of duplicate credit card format driving licence, where required
- Renewal of credit card format driving licence, including eye test and fingerprints
- Issue of temporary driving licence
- Issue of professional driving permit, including eye test and fingerprints
- Issue of duplicate professional driving permit, where required
- Substitution of foreign driving licence and issue of credit card format driving licence card, including eye test and fingerprints
- Verification of driving licence particulars
- Referral of all queries to the Departmental employee specified by the RTI contact person within two working days of a query or lodging of a complaint or dispute.

The agreement is valid for the period from 1 November 2020 to 31 October 2023. Terms and conditions are as per the contract and no changes occurred during the reporting period.

The purpose of the principal-agent relationship is to ensure greater access to clients throughout the province. No significant risks have been identified in this relationship.

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
69. Accounting by principals and agents (continued)		
Municipality as an agent		
Resources held on behalf of the principal(s), but recognised in the entity's own financial statements		
There are no resources held on behalf of principals.		
Revenue recognised		
The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principals is show below		
Driver's Licenses and professional driver's permits	2 598 950	2 139 483
Department of Human Settlements - accreditation fee	4 634 581	4 853 172
Liabilities and corresponding rights of reimbursement recognised as assets		
There are no corresponding rights of reimbursement that have been recognised as assets.		
Additional information to municipality as an agent		
Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement		
Amount of revenue received on behalf of the principal during the reporting period		
Driver's licences and Professional driver's permits	795 530	590 288
Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)		
Reconciliation of the carrying amount of payables		
Department of Human Settlements (Housing Settlements)		
Opening balance	20 091 631	21 715 044
Amount transferred by the principal	788 576	25 490 248
Interest earned on behalf of the principal	323 012	207 482
Payments on behalf of the principal	(5 635 016)	(27 321 143)
	15 568 203	20 091 631
Department of Transport (Driver's licences)		
Opening balance	240 397	135 090
Payment to principal	(240 397)	(135 090)
Revenue received on behalf of the principal (unpaid)	234 235	240 397
	234 235	240 397
All categories		
Opening balance	20 332 028	21 850 134
Amount transferred by the principal	788 576	25 490 248
Interest earned on behalf of the principal	323 012	207 482
Cash paid on behalf of the principal	(5 635 016)	(27 321 143)
Payment to principal	(240 397)	(135 090)
Revenue received on behalf of the principal (unpaid)	234 235	240 397
	15 802 438	20 332 028

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
69. Accounting by principals and agents (continued)		
Entity as principal		
Resources (including assets and liabilities) of the entity under the custodianship of the agent		
There are no municipal resources under the custodianship of the agent.		
Fee paid		
Fee paid as compensation to the agent -Prepaid electricity	3 767 722	3 331 253
Resource and/or cost implications for the entity if the principal-agent arrangement is terminated		
None		

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Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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70. Related parties

Relationships

Municipal entity	Safe City Msunduzi NPC
Controlling entity	Msunduzi Local Municipality
Close family member of key management	Ekuseni Investment Holdings
Members of key management	City Manager: Lulamile H Mapholoba
	Chief Financial Officer: Nelisiwe M. Ngcobo
	General Manager Community Services:
	Mbongeni Mathe
	General Manager Corporate Services: Mosa L.I
	Molapo
	General Manager Infrastructure Services:
	Sabelo N Hlela
	General Manager Sustainable Development and City
	Enterprises: Felix Nxumalo
	Chief Audit Executive: Petrus J. Mahlaba

Councillor Sandile Dlamini is a brother of a Director of Ekuseni Investment holdings.

In kind benefits

The salary and benefits of the Ministerial representative are paid by the Department of Cooperative Governance and Traditional Affairs. The municipality has not been charged for the services rendered by the Municipal representative.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Matthew Francis Inc	(26 617 528)	(4 425 812)
Mkholwa IT Services	(202 674)	(784 731)
Safe City Msunduzi NPC	-	(3 569 856)

There are no guarantees given or received with regards to the related party balances outstanding.

There are no commitments with regards to related parties.

There related party balances are unsecured.

The terms and conditions with related parties are on an arm's length basis. There is no specific provision with regards to the nature of the consideration to be provided in settlement of the related party balances.

Refer to note Note 60 for Councillors' arrear consumer accounts for further details on outstanding balances.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
70. Related parties (continued)		
Related party transactions		
Grants paid to related parties		
Safe City Msunduzi NPC - Safe City is an entity of the Municipality.	12 877 892	12 416 689
Services from related parties		
Matthew Francis Inc - The senior manager water and sanitation's spouse is a Director at Matthew Francis Inc. The law firm is a service provider	124 616 898	12 355 430
Mkholwa IT Services - Chief Town Planner's spouse is a Director at Mkholwa IT Services	2 283 829	2 227 738
Service charges paid received from related parties		
Safe City Msunduzi NPC - Safe City is an entity of the Municipality	217 123	201 396

Msunduzi Local Municipality

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Figures in Rand

70. Related parties (continued)

Remuneration of management

Councillors

2023

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical Aid	Total
Name							
Mayor	1 159 587	42 600	-	-	173 938	60 084	1 436 209
Deputy mayor	1 125 083	41 400	-	-	-	-	1 166 483
Speaker	789 885	42 600	-	163 766	117 699	54 693	1 168 643
Chief whip	823 596	51 000	-	-	122 085	25 729	1 022 410
MPAC chair	911 004	48 053	-	-	-	37 451	996 508
Executive committee members	6 807 100	372 406	41 595	401 182	265 291	253 024	8 140 598
Other councillors	29 491 886	3 162 082	39 020	1 986 487	1 816 014	1 391 165	37 886 654
	41 108 141	3 760 141	80 615	2 551 435	2 495 027	1 822 146	51 817 505

2022

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical Aid	Motor vehicle allowance	Total
Name								
Mayor	1 100 919	44 400	-	-	165 138	58 335	-	1 368 792
Deputy mayor	1 005 937	45 833	-	-	48 266	16 844	-	1 116 880
Speaker	745 311	44 400	-	156 062	111 797	52 515	-	1 110 085
Chief whip	906 481	36 333	-	34 315	89 889	24 995	-	1 092 013
MPAC chair	829 210	33 383	-	-	43 326	32 187	84 481	1 022 587
Executive committee members	6 581 685	275 133	28 423	604 703	512 456	236 802	-	8 239 202
Other councillors	27 143 856	2 277 867	71 416	2 671 446	2 079 085	1 223 798	-	35 467 468
	38 313 399	2 757 349	99 839	3 466 526	3 049 957	1 645 476	84 481	49 417 027

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

70. Related parties (continued)

Executive management

2023

	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Acting allowance	Bonus	Other	Total
Name										
City Manager	915 206	19 800	10 528	99 210	157 175	34 864	-	-	135 483	1 372 266
Chief Financial Officer	1 189 101	14 400	180 000	176 016	115 937	43 871	139 334	60 000	(2 830)	1 915 829
Chief Audit Executive	1 259 037	13 800	12 141	153 262	226 627	38 513	-	104 920	(3 993)	1 804 307
Internal audit										
General Manager : Corporate Services	1 311 588	20 400	-	127 251	236 086	-	-	90 000	(131)	1 785 194
General Manager : Sustainable Development and City Enterprises	1 017 935	14 400	-	338 550	-	60 084	-	-	(479)	1 430 490
General Manager : Community services	1 290 708	18 700	-	-	-	21 172	-	-	2 068	1 332 648
General manager : Infrastructure services	1 243 352	8 700	-	98 965	72 162	-	-	-	(297)	1 422 882
	8 226 927	110 200	202 669	993 254	807 987	198 504	139 334	254 920	129 821	11 063 616

Msunduzi Local Municipality

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70. Related parties (continued)

2022

Name	Basic salary	Phone allowance	Housing allowance	Travelling allowance	Pension	Medical aid	Acting allowance	Bonus	Other	Total
City Manager	1 045 975	-	-	-	189 008	-	-	-	107 409	1 342 392
Chief Financial Officer	1 228 641	14 400	180 000	176 493	119 792	-	69 667	60 000	21 627	1 870 620
Chief Audit Executive - Internal audit	1 200 226	13 800	11 574	153 262	216 041	36 817	-	100 019	16 452	1 748 191
General Manager : Corporate Services	1 304 980	20 400	-	127 251	234 897	-	-	90 000	2 975	1 780 503
General Manager : Sustainable Development and City Enterprises	958 373	14 400	-	338 550	-	57 277	-	-	13 676	1 382 276
General Manager : Community services	1 354 200	20 400	-	-	-	13 070	3 698	-	7 765	1 399 133
General manager : Infrastructure services	1 354 200	23 600	-	-	-	-	-	-	9 319	1 387 119
	8 446 595	107 000	191 574	795 556	759 738	107 164	73 365	250 019	179 223	10 910 234

71. Events after the reporting date

South African Forestry Company SOC was appointed on the 24th of July 2023 for a period of three(3) years for the provision of total management for the Municipality's plantation.

Msunduzi Local Municipality

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Figures in Rand	2023	2022
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72. Prior period error

Presented below are those items contained in the Statement of Financial Position, Statement of Financial Performance and Cash Flow statement that have been affected by prior-year adjustments:

Statement of Financial Position

2022

	As previously reported	Correction of error	Change in accounting policy	Restated
Accumulated surplus	(7 253 400 681)	(332 008 649)	(227 230 049)	(7 812 639 379)
VAT payable	(178 111 817)	22 932	-	(178 088 885)
Consumer debtors	1 315 073 345	328 014 845	149 898 585	1 792 986 775
Statutory receivables	516 960 589	10 175 162	77 331 464	604 467 215
Inventories	367 397 459	1 597 734	-	368 995 193
Investment property	925 219 355	(1 710 010)	-	923 509 345
Property, Plant and equipment	6 908 465 877	(972 433)	-	6 907 493 444
Heritage assets	273 106 020	(12 500)	-	273 093 520
Payables from exchange transactions	(1 925 228 675)	(5 293 898)	-	(1 930 522 573)
Other debtors	21 113 837	186 817	-	21 300 654
	970 595 309	-	-	970 595 309

Accumulated surplus

As previously reported	- (7 253 400 681)
Correction of prior year accruals	- (69 743)
Correction of unclaimed Input VAT section 16(3) of the VAT Act	- (66 305)
Reversal of adjustments relating to updated cutoff report	- 2 645 171
Correction of duplicated inventory losses	- (1 597 733)
Correction investment property fair value - 2021/22	- 1 710 009
Rates adjustments 2021/22	- 13 173 236
Rates adjustments prior years	- 5 252 059
Correction of overbilled landfill site debtor	- 99 687
Assets value correction- review of remaining useful lives	- (8 621)
Accounting for debtors with credit balances outstanding for more than 3 years	- (5 978 913)
Correction of overbilled landfill site debtor	- 7 917
Accounting for cut off rental adjustment relating to 2020/21	- (297 483)
Accounting for cut off rental adjustment relating to 2021/22	- (627 877)
Reversal of prescribed debtors incorrectly written off	- 10 144 172
Derecognition of a duplicated asset	- 12 500
Raising receivable for overclaimed overtime	- (74 398)
Raising of a councillor debtor for overpayment	- (112 418)
Accounting for impairment movement due to change in accounting policy - refer to note 74	- (227 230 049)
Correction of a duplicated Cyberfox accrual	- (155 607)
Derecognition of duplicated assets	- 523 588
Accounting for manual adjustments that relate to prior years	- 12 477 239
Correction of bad debts reversals 2021/22	- (9 314 363)
Accounting for rental adjustment in current relating to 2020/21	- (9 056)
Accounting for rental adjustment in current relating to 2021/22	- (73 473)
Accounting for revenue billed in the current year relating to 2021/22	- (255 035 387)
Accounting for revenue billed in the current year relating to prior years	- (94 076 269)
Depreciation correction for assets capitalised in the prior period	- 401 632
Accounting for property rates adjustments in current year but relating to 21/22	- 443 703
Accounting for rental adjustment in current relating to 2020/21	- 843 994
Accounting for manual adjustments processed in 23/24 but relating to prior years.	- 243 418
Accounting for property rates manual adjustments in 23/24 relating to prior years.	- 906 353
Correction of interest posted in 22/23 but relating to 21/22.	- (19 296 180)
Correction of interest posted in 22/23 but relating to 21/22.	- 783 411

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72. Prior period error (continued)		
Accounting for manual adjustments processed in 22/23 relating to 21/22.	-	283 033
Accounting for manual adjustments posted in 22/23 relating to prior years	-	(8 082 777)
Correction of service charges adjustments in August 2023 relating prior years	-	(427 996)
Correction of service charges adjustments in August 2023 relating 2021/22	-	(571 986)
Correction of interest adjustment posted in current year relating to 2021/22	-	(4 107 000)
Correction of interest adjustment posted in current year relating to prior years	-	(11 257 335)
Accounting for interest adjustments posted in 2023/24 relating to prior years	-	(8 758)
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	10 021
Accounting for interest adjustment posted in current year relating to 2021/22	-	24 892
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	33 015
Restatement of impairment 2021	-	(897 901 410)
Restatement of impairment 2022	-	926 895 525
Correction of payroll posting paid in 2022/23 but relating to 2021/22 financial year	-	1 383 316
Correction of transactions posted in July 2023 but relate to 2021/22	-	(4 746 460)
Correction of transactions posted in July 2023 but relate to prior years	-	3 535 172
Correction of work in progress - Shooting range	-	55 836
Restated		- (7 812 639 379)
VAT payable		
As previously reported	-	(178 111 817)
Correction of prior year accruals	-	(5 996)
Correction of unclaimed Input VAT section 16(3) of the VAT Act	-	66 305
Correction of overbilled landfill site debtor	-	(14 036)
Correction of a duplicated Cyberfox accrual	-	(23 341)
Restated		- (178 088 885)
Consumer debtors		
As previously reported	-	1 315 073 345
Reversal of adjustments relating to updated cutoff report	-	(2 645 161)
Correction of overbilled landfill site debtor	-	(86 685)
Correction of overbilled landfill site debtor	-	(6 885)
Accounting for cut off rental adjustment relating to 2020/21	-	297 483
Accounting for cut off rental adjustment relating to 2021/22	-	627 877
Accounting for impairment movement due to change in accounting policy - refer to note 74	-	149 898 585
Accounting for manual adjustments that relate to prior years	-	(12 477 238)
Correction of bad debts reversals 2021/22	-	9 278 477
Accounting for rental adjustment in current relating to 2020/21	-	9 056
Accounting for cut off rental adjustment relating to 2021/22	-	73 473
Accounting for revenue billed in the current year relating to 2021/22	-	239 750 192
Accounting for revenue billed in the current year relating to prior years	-	78 582 492
Correction of interest posted in 22/23 but relating to 21/22.	-	14 313 169
Re-allocation of bad debts written off relating to 21/22.	-	(783 411)
Accounting for manual adjustments processed in 22/23 relating to 21/22.	-	(283 033)
Accounting for manual adjustments posted in 22/23 relating to prior years	-	8 082 777
Correction of service charges adjustments in August 2023 relating prior years	-	427 996
Correction of service charges adjustments in August 2023 relating to 2021/22	-	564 572
Correction of interest adjustment posted in current year relating to 2021/22	-	3 496 532
Correction of interest adjustment posted in current year relating to prior years	-	9 226 277
Accounting for interest adjustments posted in 2023/24 relating to prior years	-	5 107
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(6 556)
Accounting for interest adjustment posted in current year relating to 2021/22	-	(20 317)
Accounting for interest adjustments posted in 2023/24 relating to 2021/2	-	(24 759)
Restatement of impairment 2021	-	739 132 171
Restatement of impairment 2022	-	(760 588 762)
Correction of transactions posted in July 2023 but relate to 2021/22	-	4 619 979
Correction of transactions posted in July 2023 but relate to prior years	-	(3 549 978)
Restated		- 1 792 986 775

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Figures in Rand	2023	2022
72. Prior period error (continued)		
Statutory receivables		
As previously reported	-	516 960 589
Rates adjustments 2021/22	-	(13 173 236)
Rates adjustments prior years	-	(5 252 059)
Accounting for impairment movement due to change in accounting policy - refer to note 74	-	77 331 464
Correction of bad debts reversals 2021/22	-	35 887
Accounting for revenue billed in the current year relating to 2021/22	-	15 285 195
Accounting for revenue billed in the current year relating to prior years	-	15 493 777
Accounting for property rates adjustments in current year but relating to 21/22	-	(443 704)
Accounting for manual adjustments processed in 23/24 but relating to prior years.	-	(843 994)
Accounting for property rates manual adjustments in 23/24 relating to 21/22.	-	(243 418)
Accounting for property rates manual adjustments in 23/24 relating to prior years.	-	(906 353)
Correction of interest posted in 22/23 but relating to 21/22.	-	4 983 011
Correction of service charges adjustments in August 2023 relating to 2021/22	-	7 413
Correction of interest adjustment posted in current year relating to 2021/22	-	610 468
Correction of interest adjustment posted in current year relating to prior years	-	2 031 058
Accounting for interest adjustments posted in 2023/24 relating to prior years	-	3 652
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(3 465)
Accounting for interest adjustment posted in current year relating to 2021/22	-	(4 575)
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(8 256)
Restatement of impairment 2021	-	158 769 239
Restatement of impairment 2022	-	(166 306 763)
Correction of transactions posted in July 2023 but relate to 2021/22	-	126 480
Correction of transactions posted in July 2023 but relate to prior years	-	14 805
Restated	-	604 467 215
Inventories		
As previously reported	-	367 397 459
Correction of duplicated inventory losses	-	1 597 734
Restated	-	368 995 193
Payables from exchange transactions		
As previously reported	-	(1 925 228 675)
Correction of accrual - 2019/20	-	45 970
Correction of accruals - 2021/22	-	29 754
Accounting for debtors with credit balances outstanding for more than 3 years	-	5 978 913
Reversal of prescribed debtors incorrectly written off	-	(10 144 171)
Correction of a duplicated Cyberfox accrual	-	178 952
Correction of payroll posting paid in 2022/23 but relating to 2021/22 financial year.	-	(1 383 316)
Restated	-	(1 930 522 573)
Investment property		
As previously reported	-	925 219 355
Correction investment property fair value - 2021/22	-	(1 710 010)
Restated	-	923 509 345
Property, plant and equipment		
As previously reported	-	6 908 465 877
Assets value correction- review of remaining useful lives	-	8 622
Derecognition of duplicated assets	-	(523 587)
Depreciation correction for assets capitalised in the prior period	-	(401 632)
Correction of work in progress - Shooting range	-	(55 836)
Restated	-	6 907 493 444

Msunduzi Local Municipality

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Figures in Rand	2023	2022
72. Prior period error (continued)		
Reconciliation of property, plant and equipment	Transfers	Depreciation
As previously reported	(6 361 363)	(361 052 205)
Reclassification	(1 443 694)	1 443 694
Restated	(7 805 057)	(359 608 511)
Heritage assets		
As previously reported	-	273 106 020
Derecognition of a duplicated asset	-	(12 500)
Restated	-	273 093 520
Other debtors		
As previously reported	-	21 113 837
Raising receivable for overclaimed overtime	-	74 398
Raising of a councillor debtor for overpayment	-	90 405
Restated	-	21 278 640

Statement of Financial Performance

2022

	As previously reported	Correction of error	Change in accounting policy	Restated
Deficit for the year	(725 578 670)	264 532 502	227 230 049	(233 816 119)
Service charges	3 619 871 213	231 053 629	-	3 850 924 842
Property rates	1 211 348 604	1 551 317	-	1 212 899 921
Interest consumer debtors and receivables	148 962 699	18 347 402	-	167 310 101
Bad debts written off	(83 779 107)	8 530 953	-	(75 248 154)
Operational costs	(120 406 042)	108 417	-	(120 297 625)
Fair value adjustments on investment property	16 517 173	(1 710 009)	-	14 807 164
Inventory losses	(2 687 271)	1 597 733	-	(1 089 538)
Remuneration of councillors	(49 529 446)	112 419	-	(49 417 027)
Rental of facilities and equipment	25 415 308	701 350	-	26 116 658
Debt impairment	(1 003 762 758)	-	227 230 049	(776 532 709)
General expenses	(693 376 753)	29 754	-	(693 346 999)
Employee related costs	(1 483 036 965)	(1 464 787)	-	(1 484 501 752)
Transfers and subsidies	(32 412 674)	81 471	-	(32 331 203)
Interest from non - exchange receivables	50 189 792	5 592 853	-	55 782 645
	877 735 103	529 065 004	454 460 098	1 861 260 205

Deficit for the year

As previously reported	-	(725 578 670)
Correction of 2021/22 accruals	-	29 754
Reversal of adjustments relating to updated cutoff report	-	(2 645 161)
Correction of duplicated inventory losses	-	1 597 733
Correction investment property fair value - 2021/22	-	(1 710 009)
Rates adjustments 2021/22	-	(13 173 236)
Accounting for cut off rental adjustment relating to 2021/22	-	627 877
Raising of a councillor debtor for overpayment	-	112 418
Accounting for impairment movement due to change in accounting policy - refer to note 74	-	227 230 049
Correction of a duplicated Cyberfox accrual	-	108 417
Accounting for manual adjustments that relate to 2021/22	-	(10 388 351)
Correction of bad debts reversals	-	9 314 364

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
72. Prior period error (continued)		
Accounting for cut off rental adjustment relating to 2021/22	-	73 473
Accounting for revenue billed in the current year relating to 2021/22	-	255 035 387
Accounting for revenue billed in the current year relating to 2021/22	-	(443 704)
Accounting for property rates manual adjustments in 23/24 relating to 21/22.	-	(243 418)
Correction of interest posted in 22/23 but relating to 21/22.	-	19 296 180
Re-allocation of bad debts written off relating to 21/22	-	(783 411)
Accounting for manual adjustments processed in 22/23 relating to 21/22	-	(283 031)
Correction of service charges adjustments in August 2023 relating to 2021/22	-	571 986
Correction of interest adjustment posted in current year relating to 2021/22	-	4 107 000
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(10 021)
Accounting for interest adjustment posted in current year relating to 2021/22	-	(24 890)
Correction of payroll posting paid in 2022/23 but relating to 2021/22 financial year	-	(1 383 316)
Correction of transactions posted in July 2023 but relate to 2021/22	-	4 746 461
Restated	-	(233 816 119)
General expenses		
As previously reported	-	(693 376 753)
Correction of 2021/22 accruals	-	29 754
Restated	-	(693 346 999)
Service charges		
As previously reported	-	3 619 871 213
Reversal of adjustments relating to updated cutoff report	-	(2 645 161)
Accounting for manual adjustments that relate to 2021/22	-	(10 388 351)
Accounting for revenue billed in the current year relating to 2021/22	-	239 750 192
Accounting for manual adjustments processed in 22/23 relating to 21/22	-	(283 031)
Correction of transactions posted in July 2023 but relate to 2021/22	-	4 619 980
Restated	-	3 850 924 842
Property rates		
As previously reported	-	1 211 348 604
Rates adjustments 2021/22	-	(13 173 236)
Accounting for manual adjustments that relate to 2021/22	-	15 285 195
Accounting for property rates manual adjustments in current year but relating to 21/22.	-	(443 704)
Accounting for property rates manual adjustments in 23/24 relating to 21/22	-	(243 418)
Correction of transactions posted in July 2023 but relate to 2021/22	-	126 480
Restated	-	1 212 899 921
Inventory losses		
As previously reported	-	(2 687 271)
Correction of duplicated inventory losses	-	1 597 733
Restated	-	(1 089 538)
Fair value adjustment on investment property		
As previously reported	-	16 517 173
Correction investment property fair value - 2021/22	-	(1 710 009)
Restated	-	14 807 164
Interest consumer debtors and receivables		
As previously reported	-	148 962 699
Correction of interest posted in 22/23 but relating to 21/22.	-	14 313 169
Correction of interest adjustments in August 2023 relating to 2021/22	-	564 572
Correction of interest adjustment posted in current year relating to 2021/22	-	3 496 532
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(6 556)

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
72. Prior period error (continued)		
Accounting for interest adjustment posted in current year relating to 2021/22	-	(20 315)
Restated	-	167 310 101
Interest from non exchange receivables		
As previously reported	-	50 189 792
Correction of interest posted in 22/23 but relating to 21/22.	-	4 983 011
Correction of interest adjustments in August 2023 relating to 2021/22	-	7 413
Correction of interest adjustment posted in current year relating to 2021/22	-	610 468
Accounting for interest adjustments posted in 2023/24 relating to 2021/22	-	(8 039)
Restated	-	55 782 645
Remuneration of councillors		
As previously reported	-	(49 529 446)
Raising of a councillor debtor for overpayment	-	112 419
Restated	-	(49 417 027)
Debt impairment		
As previously reported	-	(1 003 762 758)
Accounting for impairment movement due to change in accounting policy - refer to note 74	-	227 230 049
Restated	-	(776 532 709)
Rental of facilities and equipment		
As previously reported	-	25 415 308
Accounting for cut off rental adjustment relating to 2021/22	-	701 350
Restated	-	26 116 658
Operational costs		
As previously reported	-	(120 406 042)
Correction of a duplicated Cyberfox accrual	-	108 417
Restated	-	(120 297 625)
Bad debts written off		
As previously reported	-	(83 779 107)
Correction of bad debts reversals 2021/22	-	9 314 364
Re-allocation of bad debts written off relating to 21/22.	-	(783 411)
Restated	-	(75 248 154)
Employee related costs		
As previously reported	-	(1 483 036 965)
Correction of payroll posting paid in 2022/23 but relating to 2021/22 financial year	-	(1 464 787)
Restated	-	(1 484 501 752)
Transfers and subsidies		
As previously reported	-	(32 412 674)
Correction of payroll posting paid in 2022/23 but relating to 2021/22 financial year	-	81 471
Restated	-	(32 331 203)
Cash flow statement		
2022		

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Figures in Rand	2023	2022		
72. Prior period error (continued)				
	As previously reported	Correction of error	Re-classification	Restated
Cash flow from operating activities				
Sale of goods and services	4 392 383 697	(112 420)	(1 172 527 371)	3 219 743 906
Property rates and fines	-	-	1 172 527 371	1 172 527 371
Employee costs	(1 485 204 638)	30 947	-	(1 485 173 691)
Suppliers	(3 393 322 260)	(1 620)	-	(3 393 323 880)
	(486 143 201)	(83 093)	-	(486 226 294)
Cash flow from investing activities				
Purchase of tangible non current assets	(527 870 224)	-	527 870 224	-
Purchase of property, plant and equipment	-	83 093	(511 101 650)	(511 018 557)
Purchase of investment property	-	-	(16 768 574)	(16 768 574)
	(527 870 224)	83 093	-	(527 787 131)

The cashflow statement was recalculated due to corrections in the Statement of Financial Performance and Position.

73. Prior period error - disclosures

Presented below are those items contained in the disclosure notes that have been affected by prior-year adjustments:

The correction of the error(s) results in adjustments as follows:

Contingent assets

As previously reported	-	-
Recognition of EOH litigation	-	190 472 807
Restated	-	190 472 807

Refer to Note 65 Contingent asset.

Valuations

	Rural communal land	Agriculture	Residential	Public service infrastructure	Public service property	Vacant land
As previously reported	203 416 000	452 132 000	49 457 005 473	212 832 635	5 108 229 000	2 126 205 700
Reclassification	(203 416 000)	10 250 000	83 304 000	2 522 000	38 000 000	69 340 000
Restated	-	462 382 000	49 540 309 473	215 354 635	5 146 229 000	2 195 545 700

Reclassification is due to the Rural communal properties value being decreased to R Nil to accommodate the reallocation as per finding 3 (i) in the Outcome of Assessment of Municipalities in terms of Section 8 of the Local Government: Municipal Property Rates Act (The Act) by COGTA, which states the following;

"Rural Communal Property" is listed as a category of rateable properties in the rates policy and resolution levying rates whilst it is not a legitimate use category in terms of section 8. Its definition in the rates policy indicates that its dominant use is residential yet it is rated at 1: 1.36 compared to residential properties. Either it must be rated like residential properties according to its dominant use or it must be categorised and rated like multiple purpose properties".

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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73. Prior period error - disclosures (continued)

Related parties

Mkholwa IT Services

Adjustment

Related parties balances	Related parties transactions
784 731	2 040 077

Adjustment made to disclose an identified related party.

74. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the revision of the impairment policy. The changes affect the risk profiling of debtors and the treatment thereof.

- The previous policy had categorised all debtors with balances 31 to 90 days as medium risk, the new policy now categorises accounts outstanding for more than 90 days and there is a formal instalment plan in place or where legal steps was taken to be medium risk.
- Government debtors that are long outstanding for more than 730 days are categorised as high risk
- Government debtors that are long outstanding for more than 365 days are categorised as low risk.
- The previous policy had categorised deceased debtors accounts outstanding for more than 31 days as high risk, the new policy now categorises deceased debtor accounts that are outstanding for more than 91 days as high risk.

For the aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2022 refer to note 73.

75. Comparative figures

Certain comparative figures have been restated

76. Change in accounting estimate

Property, plant and equipment

GRAP 17: Property, plant and equipment requires that the review of the remaining useful life of an item of property, plant and equipment be conducted at least at each reporting period. The municipality performed this review as at 30 June 2023 and the following results were achieved:

Based on the condition assessment and utilisation of assets ascertained during the physical verification exercise, the remaining useful lives of assets were reviewed.

The impact of the adjustment is that depreciation charges on property, plant and equipment decreased by R52 786 821 (2022:R4 398 422).

It is impractical to determine the amount of the effect in future periods.

Depreciation before the review of useful life
Depreciation after the review of useful life

(390 135 351)	(370 159 405)
337 348 530	365 760 983

Change in estimate

(52 786 821)	(4 398 422)
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Property, Plant and Equipment - Landfill rehabilitation provision

Landfill rehabilitation provision is created to ensure that the municipality will be able to restore the landfill site to its original condition at the end of its life. The provision represents management's best estimate of the municipality's liability with regards to aforementioned restoration costs. The effect of the current year's revision was an increase of R2 449 238 due to change in discount factor and effect of re-measurement.

Msunduzi Local Municipality

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76. Change in accounting estimate (continued)

Employment benefit obligation

The municipality provides post-employment medical benefits to certain staff members. The provision represents management's best estimate of the municipality's liability with regards to aforementioned post-employment medical benefits. The effect of the current year's revision is a decrease of R37 825 000 to R509 433 001, owing to the net effect of the actuarial gain, current service and interest costs for the reporting period ended 30 June 2023.

Long service awards

In terms of the SALGA conditions of service collective agreement, employees qualify for long service leave upon completion of specified periods in the agreement. The provision was created to comply with the agreement. The effect of the current year's revision is an increase by R2 232 000 to R85 820 000, attributed to the net effect of the actuarial loss, benefits vesting, current service, past service and interest costs for the reporting period ended 30 June 2023.

Msunduzi Local Municipality

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77. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality is exposed to the following liquidity risks:

Other financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 30 June 2023				
Borrowings	74 270 955	50 310 656	-	124 581 611
At 30 June 2022				
Borrowings	79 162 900	74 270 956	50 310 656	203 744 512

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the municipality.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise mainly water, sanitation, refuse, rates, property rental, electricity and other service charges, dispersed across different industries and geographical areas. Management evaluated credit risk relating to customers financial conditions on an ongoing basis, and have been presented in these financial statements net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to consumers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The carrying amount of financial assets recorded in the financial statements that represent the municipality's maximum exposure to credit risk obtained details - Refer to note 78 - Financial instruments disclosure.

As at the end of the reporting period, no collateral was being held as a means of mitigating the risk of financial loss from default except for consumer deposits.

Credit quality

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed, the Municipality did not apply any methods to evaluate the credit quality.

The credit quality of receivables from exchange transactions are neither past due nor impaired except for land sale debtors, insurance claims and IDT.

The analysis of the age of receivables that are past due but not impaired for the Municipality (Refer to note 7 - consumer debtors) for the analysis and details.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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77. Risk management (continued)

Market risk

Risk from agricultural assets

The municipality is exposed to financial risks arising from changes in timber prices. The municipality does not anticipate that the timber prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in sale of timber. The municipality reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The Municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the City to fair value interest rate risk. The Municipality strives to maintain approximately 100% of its borrowings in fixed rate instruments.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.

78. Financial instruments disclosure

Categories of financial instruments

Financial assets

At amortised cost

Short term investment	23 254 864	32 670 009
Other debtors	97 085 566	21 300 654
Consumer debtors	2 157 209 998	1 792 986 775
Cash and cash equivalents	511 402 009	289 152 840
	2 788 952 437	2 136 110 278

Financial liabilities

At amortised cost

Payables from exchange transactions	2 487 458 256	1 930 522 573
Consumer deposits	142 078 762	132 962 378
Other financial liabilities	124 581 611	203 744 512
	2 754 118 629	2 267 229 463

Other information

Receivables/payables from non contractual/compulsory arrangements have been removed or excluded from financial instruments disclosure, i.e Property rates debtors, traffic fines debtors, transfers payable and unspent conditional grants. Statutory receivables/Payables are not financial instruments, as they arise not as a result of a contract, entered into by willing parties to the arrangement but rather a statutory or legislative arrangement.

Msunduzi Local Municipality

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Notes to the Annual Financial Statements

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79. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Provincial Executive Council of KwaZulu-Natal and MEC for Department of Co-operative Governance and Traditional Affairs resolved to intervene in terms of Section 139 (1) (b) of the Constitution and in terms of section 139 of the Municipal Finance Management Act at the municipality and appointed the Ministerial representative. The appointment became effective on 14 April 2019. The terms of reference specified the functions of the Ministerial representative which also include the implementation of governance systems and procedures including oversight of the administration including the ratification of decisions taken by the Municipal Council, the Executive Committee, Municipal Manager and Section 56 Managers in terms of the authority.

The terms of reference amongst others include, establishment of the Interim Finance Committee to monitor and manage the cash flow of the municipality. It is envisaged that the intervention will assist in improving the municipality's financial viability.

In assessing the going concern, management identified indicators casting doubt on the municipality's ability to continue operating as a going concern. These indicators are summarised below:

- Adverse liquidity ratios.
- Below norm cash cost coverage ratio.
- The outstanding gross debtors balance has increased significantly, and the majority is outstanding for over 365 days.
- The dwindling of reserves over the recent years.
- Deteriorating creditors' days.
- The increase in net debtors' balances
- Deficits in recent years

The following measures are being implemented by management in response to the going concern risk indicators:

1. The municipality has monitored the implementation of the financial recovery plan that was developed in 2018. Management has voluntarily requested National Treasury to assist with the development of the revised financial recovery plan that is linked to the current challenges of the municipality after COVID 19. The implementation of the revised recovery plan commenced in the 2022/23 financial year.
2. There is a revenue enhancement committee that meets on a weekly basis to monitor the implementation of the revenue enhancement plan and the identification of additional revenue streams.

New revenue streams that have been identified so far as follows:

- Trade effluent: The municipality has been reviewing the Trade effluent Policy and the Tariff charged
- Water and Electricity tampering fees: Surcharges to be raised for reinstatement of services
- Training of Peace Officers: The officers will be responsible for enforcing the By Laws around water and electricity tampering.
- Flow control washers for Indigents
- Airport: Review of lease agreements for hangers and no longer outsourcing the management of parking facilities.
- Forestry: Timber has been valued and is ready to be harvested, currently at SCM process.
- Business licensing: Increasing number of stalls and monitoring of licensed Informal traders and monthly billing thereof.
- Billboards: Addressing the issue of Billboard that do not have SLA's in place.
- Rehabilitation levy: Introduction of levy to cover large future cost in rehabilitating the Landfill Site.
- Animal Hunting: Introduction of animal hunting at the Bisley Nature Reserve
- On-site Camping: Introduction of tourist on-site camping at Bisley Nature Reserve
- Swimming Pools: Implementation of ticketing system
- Alexandra Park: Revamping of the park to attract more users.
- Athletics Stadium: Leasing out of office spaces.
- Crematoria: Leasing out of the cremators.

3. The dispute resolution committee was formed to speed up the process of dealing with consumer appeals.

4. The following strategies are currently being implemented to recover the outstanding debt:

- Electricity disconnections conducted daily.
- Water restrictions conducted daily.
- Consolidation of accounts for customers with multiple accounts.
- Consolidation of accounts where rates and services were billed on separate accounts.
- Improved turnaround time for responding to customer queries.
- Development of the customer dispute resolution process.
- Review of the organogram to include the functions that were previously not catered for on the structure.

Msunduzi Local Municipality

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79. Going concern (continued)

- Processing name changes for deceased debtors with surviving spouses.
- Increasing capacity at validations section.
- Audit of bulk meters to ensure accuracy and completeness of billing.
- COVID relief amnesty campaign for qualifying debtors.
- Review of the credit control and by laws to allow debtors to enter into affordable payment arrangements.
- Emailing of statements to customers.
- Media campaigns for encouraging the debtors to pay.
- Legal processes instituted against arrear debtors.
- Vetting of indigent debtors.
- Improved turnaround time issuing rates clearance certificates and processing name changes for changes in property own
- Addressing the issue of unbilled accounts

5. A debt recovery plan was developed and approved by Council.

6. The debt collectors were appointed to recover long outstanding debtors.

7. KZN Provincial CoGTA and National Treasury are consistently monitoring the implementation of the financial recovery plan and revenue enhancement plan.

Operation Qoqimali

The Operation Qoqimali an operation approved by the Council started in September of 2022. This is a strategy which is engaged with the vigorous collection of revenue from non-paying customers, this involves municipal officials i.e., Security Services and the Technical Sections accompanied by Finance management going out daily making disconnections for electricity and restrictions for water for customers who are arrears. To date this drive has resulted in increased collections from consumers. The Operation Qoqimali will continue in the new financial year.

Multiple Billing Cycle

In response to the qualification received in the 2021/2022 Audit, in relation to accuracy of billing, the Municipality has introduced the Multiple Billing Cycle.

Financial Recovery Plan(FRP)

Given the decline of the financial status, the nature of the recurring financial problems and no noticeable progress made since the implementation of the current FRP the municipality then requested National Treasury Municipal Financial Recovery Service to assist in revising the discretionary financial recovery plan for the municipality.

The revised FRP will be used as an instrument to guide the municipality in addressing the financial crisis and to ensure that the municipality regains its financial health within the shortest timeframe while ensuring that all issues which adversely affect the financial health of the municipality are comprehensively addressed. The FRP adopts a strategic, focused approach which is time-bound yet comprehensive enough to ensure that the underlying causes of the crisis are adequately addressed. To achieve this objective, the draft financial recovery plan presents a phased approach to recovery, differentiating between issues to be addressed in the short, medium and long term.

The FRP is divided into three distinct but interdependent phases. These include:

- Rescue Phase (Phase 1) which focuses primarily on cash and restoring the cash position of the municipality.
- Stabilization Phase (Phase 2) which expands on the financial indicators to be monitored and emphasizes key governance and institutional issues which must simultaneously be addressed.
- Sustainability Phase (Phase 3) to ensure that indicators are developed that will give effect to the long-term financial sustainability of the municipality.

Notwithstanding, the negative indicators, the municipality continues to adopt the going concern assumption as it is management's view that the municipality will continue to operate in its present form provided that the financial recovery plan, the debt recovery plan, revenue enhancement and cost curtailment strategies are successful. A successful relationship between the municipality and consumers, which entails supportive consumer behaviour is of paramount importance.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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80. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of nine major functional areas: Electricity, Water, Rates, Sanitation, Refuse, Airport, Market, Forestry and Support services. The segments were organised around the type of goods and services delivered. Management uses these same segments for determining strategic objectives. Supporting services segment was aggregated for reporting purposes.

The identification of these segments is consistent with the functional classification of local government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Support services segment was aggregated as a practical limit has been reached beyond which segment information becomes too detailed. Management is of the view that such additional detailed segments are not useful and relevant.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Electricity	Provision of electricity
Water	Provision of water
Rates	Property tax
Sanitation	Provision of solid and water waste services
Refuse	Refuse removal services
Airport	Aviation services
Market	Administration and handling fees
Forestry	Timber
Support services	Various goods and services

Information about geographical areas

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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80. Segment information (continued)**Segment surplus or deficit, assets and liabilities****2023**

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
Revenue										
Revenue from exchange transactions	2,731,211,322	816,890,102	19,707,015	203,147,753	118,511,297	12,042,342	23,881,034	0	35,051,701	3,960,442,567
Revenue from non-exchange transactions	69,576,035	359,526,735	1,435,088,429	78,469,536	24,779,594	2,874,671	0	0	69,439,174	2,039,754,173
Interest consumer debtors and receivables	9,209,652	130,635,069	0	16,503,294	10,213,868	0	0	0	(7,864,479)	158,697,404
Interest - bank, call and investment accounts	0	0	0	0	0	0	0	0	15,393	15,393
Total segment revenue	2,809,997,009	1,307,051,906	1,454,795,445	298,120,583	153,504,759	14,917,012	23,881,034	0	96,641,789	6,158,909,536
Unallocated revenue/non-segment										560,388,125
Total entity's revenue										6,719,297,661
Expenditure and gains(losses)										
Bulk purchases	(2,350,400,905)	0	0	0	0	0	0	0	0	(2,350,400,905)
Debt impairment	40,416,324	(162,375,004)	63,618,119	2,650,295	3,146,854	0	0	0	(18,652,158)	(71,195,569)
Depreciation and amortisation	(61,312,678)	(46,386,073)	(92,058)	(20,928,730)	(348,963)	(6,824,128)	(5,123,466)	(102,165)	(38,546,431)	(179,664,692)
Employee related costs	(135,269,694)	(124,173,596)	(36,278,977)	(9,145,868)	(106,134,109)	(3,092,271)	(12,686,086)	0	(403,526,772)	(830,307,374)
Finance costs	(65,849,957)	(69,783,526)	0	(2,739,452)	(381,625)	(22,155)	0	0	0	(138,776,715)
Other expenses	(36,107,330)	(625,972,051)	(56,705,118)	(287,326,360)	(39,683,885)	(14,014,794)	(13,248,499)	(1,794,247)	(194,329,241)	(1,269,181,526)
Actuarial gains/losses	0	9,636,780	0	0	0	0	0	0	281,801	9,918,581
Fair value adjustments on investment property	0	0	0	0	0	0	0	0	28,124,701	28,124,701
Gains/(losses) on agricultural assets	0	0	0	0	0	0	0	(4,400,000)	0	(4,400,000)
Gain/(loss) on disposal of assets	(900,719)	(5,125)	(1,170)	(23,086)	0	(9,860)	(1,914)	(8)	(80,343)	(1,022,225)
Impairment loss	(301,947)	(11,610)	(3,637)	(1,505)	(1,065)	(4,984)	(62,717)	0	(8,162,129)	(8,549,595)
Inventory losses	0	(271,774)	0	0	0	0	0	0	0	(271,774)
Total segment expenditure and gains/(losses)	(2,609,726,907)	(1,019,341,979)	(29,462,841)	(317,514,705)	(143,402,793)	(23,968,192)	(31,122,682)	(6,296,420)	(634,890,571)	(4,815,727,092)
Total segmental surplus/(deficit)	200,270,102	287,709,926	1,425,332,604	(19,394,122)	10,101,965	(9,051,180)	(7,241,648)	(6,296,420)	(538,248,782)	1,903,570,568
Unallocated expenditure/non segment										(1,446,568,626)
Unallocated gains/(losses) / non segment										68,678,356
Surplus (deficit) for the period as per Statement of Financial Performance										525,680,299

80. Segment information (continued)
2023

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
Assets										
Segment assets	6,636,904,734	3,754,472,929	3,887,848,556	1,854,446,552	1,005,169,796	81,244,530	99,880,695	80,390,354	6,580,321,644	23,980,679,790
Unallocated assets/non segment										(11,642,490,676)
Reclassification to liabilities										0
Total assets as per Statement of Financial Position										12,338,189,114
Additions to non current assets										
Segment additions	90,201,458	67,841,533	0	48,191,732	3,634,258	3,248,050	104,515	0	24,351,201	237,572,747
Unallocated additions/non segment										255,883,371
Total additions										493,456,118
Liabilities										
Segment liabilities	12,176,132,804	1,803,768,547	113,469,388	1,666,714,220	389,267,498	92,759,744	770,583,570	35,672,700	2,499,538,352	19,547,906,823
Unallocated liabilities /non segment										(15,759,093,416)
Reclassification from assets										0
Total liabilities as per Statement of Financial Position										3,788,813,407

Msunduzi Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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80. Segment information (continued)
Segment surplus or deficit, assets and liabilities
2022

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
Revenue										
Revenue from exchange transactions	2,702,365,911	863,459,991	20,002,088	198,364,275	111,264,169	8,269,546	17,430,637	0	38,760,411	3,959,917,028
Revenue from non-exchange transactions	17,488,237	264,573,904	1,287,687,667	84,520,939	28,364,904	326,219	0	0	73,313,375	1,756,275,245
Interest consumer debtors and receivables	27,434,583	114,716,890	0	19,467,033	9,989,224	0	0	0	(4,297,631)	167,310,099
Interest - bank, call and investment accounts	0	0	0	0	0	0	0	0	(71,677)	(71,677)
Total segment revenue	2,747,288,732	1,242,750,785	1,307,689,756	302,352,248	149,618,296	8,595,764	17,430,637	0	107,704,478	5,883,430,696
Unallocated revenue/non-segment										574,148,377
Total entity's revenue										6,457,579,073
Expenditure and gains(losses)										
Bulk purchases	(2,212,724,552)	(737,482,753)	0	0	0	0	0	0	0	(2,950,207,305)
Debt impairment	(58,184,815)	(544,599,488)	(68,071,039)	(56,120,270)	(36,640,457)	0	0	0	(12,916,640)	(776,532,709)
Depreciation and amortisation	(94,045,139)	(49,180,885)	(110,589)	(20,547,744)	(2,708,375)	(6,737,942)	(5,347,841)	(92,553)	(37,594,729)	(216,365,796)
Employee related costs	(122,089,067)	(112,767,717)	(36,323,430)	(9,725,661)	(92,702,215)	(2,764,026)	(11,992,495)	0	(407,489,232)	(795,853,845)
Finance costs	(11,290,397)	(4,788,215)	0	(3,934,094)	(747,398)	0	0	0	0	(20,760,104)
Other expenses	(74,115,560)	1,628,812	(51,001,169)	(229,979,633)	(26,438,380)	(14,265,787)	(11,954,532)	(2,598,952)	(192,734,855)	(601,460,057)
Actuarial gains/losses	0	(152,169)	0	0	0	0	0	0	2,759,480	2,607,311
Fair value adjustments on investment property	0	0	0	0	0	0	0	0	14,807,164	14,807,164
Gains/(losses) on agricultural assets	0	0	0	0	0	0	0	(16,100,000)	0	(16,100,000)
Gain/(loss) on disposal of assets	(0)	(645)	(1)	0	0	0	0	0	(927,864)	(928,510)
Impairment loss	(464,228)	(37,674)	(3,248)	(10,655)	(19,659)	(3,346)	(13,394)	(1,562)	(856,802)	(1,410,566)
Inventory losses	0	(217,644)	0	0	0	0	0	0	0	(217,644)
Total segment expenditure and gains/(losses)	(2,572,913,758)	(1,447,598,378)	(155,509,475)	(320,318,056)	(159,256,485)	(23,771,101)	(29,308,262)	(18,793,066)	(634,953,479)	(5,362,422,061)
Total segmental surplus/(deficit)	174,374,973	(204,847,593)	1,152,180,280	(17,965,809)	(9,638,189)	(15,175,337)	(11,877,625)	(18,793,066)	(527,249,000)	1,095,157,012
Unallocated expenditure/non segment										(1,326,787,758)
Unallocated gains/(losses) / non segment										(2,185,373)
Surplus (deficit) for the period as per Statement of Financial Performance										(233,816,119)

80. Segment information (continued)
2022

	Electricity	Water	Rates	Sanitation	Refuse	Airport	Market	Forestry	Support Services	Total
Assets										
Segment assets	3,337,540,469	2,261,579,397	3,059,137,093	1,980,195,874	978,257,489	71,104,818	65,231,117	80,690,363	6,494,448,362	18,328,184,982
Unallocated assets/non segment										(7,012,665,360)
Total assets as per Statement of Financial Position										11,315,519,622
Additions to non current assets										
Segment additions	99,778,021	58,051,642	15,745	54,321,981	15,204,568	826,219	1,205,635	0	90,701,747	320,105,560
Unallocated additions/non segment										211,141,372
Total additions										531,246,931
Liabilities										
Segment liabilities	11,777,877,656	1,820,442,261	39,695,956	1,309,315,966	337,714,858	77,520,209	767,511,007	33,887,157	2,065,461,608	18,229,426,678
Unallocated liabilities /non segment										(14,928,377,498)
Reclassification from assets										0
Total liabilities as per Statement of Financial Position										3,301,049,180

Notes to the Annual Financial Statements

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81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2023	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
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STATEMENT OF FINANCIAL PERFORMANCE

Revenue by Source							
Property Rates	1,370,173,436	1,427,088,861	0	1,427,088,861	-56,915,425	-4%	Within an acceptable range
Service charges - electricity revenue	2,724,539,631	3,183,149,702	0	3,183,149,702	-458,610,071	-14%	The variance is due to consumer meters being corrected based on actual meter readings.
Service charges - water revenue	824,368,756	819,610,456	0	819,610,456	4,758,300	1%	Within an acceptable range
Service charges - sanitation revenue	197,959,736	174,568,855	0	174,568,855	23,390,881	13%	The variance is due to consumer meters being corrected based on actual meter readings.
Service charges - refuse revenue	123,629,075	129,665,201	0	129,665,201	-6,036,126	-5%	Within an acceptable range
Rental of facilities and equipment	20,071,337	37,424,363	0	37,424,363	-17,353,026	-46%	The variance is as a result of updating the lease register and the billing system to align with the lease agreements and the stipulated escalations.
Interest received - external investments	16,957,185	17,030,213	0	17,030,213	-73,028	0%	Within an acceptable range
Interest received - outstanding debtors	221,878,154	225,217,621	0	225,217,621	-3,339,467	-1%	Within an acceptable range
Fines, penalties and forfeits	20,129,365	2,004,874	0	2,004,874	18,124,491	904%	This is a secondary revenue source on which revenue generated is dependent on offences. Its impossible to accurately estimate. The actual sec 341 and 56 traffic fines issued where higher than envisaged. The increase is attributable to intensifying traffic law enforcement operations and increasing the visibility of law enforcement in an effort to restore law and order on the Citys roads.
Licences and permits	2,415,456	1,500,001	0	1,500,001	915,455	61%	This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible
Agency services	2,598,950	668,028	0	668,028	1,930,922	289%	This is a sundry revenue which is dependent on a service that the municipality will be required to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is made
Transfers and subsidies	801,751,325	855,842,085	-44,855,970	810,986,115	-9,234,790	-1%	Within an acceptable range
Other revenue	68,505,983	177,000,000	0	177,000,000	-108,494,017	-61%	Need to look at what are the other services. The variance is directly linked to the decrease in demand of other services.
Gains	28,624,786	0	0	0	28,624,786	100%	Secondary source of revenue hence not budgeted for.
Total Revenue (excluding capital transfers and contributions)	6,423,603,175	7,050,770,260	-44,855,970	7,005,914,290	-582,311,115		
Total revenue from exchange transactions	6,244,222,378	7,050,770,260	-44,855,970	6,995,636,869	-765,764,776		

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81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2023	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
Expenditure By Type				0			
Employee related costs	-1,466,855,856	-1,579,699,178	65,270,169	-1,514,429,009	47,573,153	-3%	Within an acceptable range
Remuneration of councillors	-51,817,507	-59,431,218	0	-59,431,218	7,613,711	-13%	The actual expenditure incurred on remuneration of councillors was lower than anticipated councillors increased during the period under review.
Debt impairment	-71,195,569	-300,000,000	110,000,000	-190,000,000	118,804,431	-63%	The variance is as a result of the change in impairment policy, which entailed in the detailed analysis of risk profiling of debtors. Furthermore, management has implemented various methods of collecting over due accounts, thus changing some of the consumers risk profiling.
Depreciation and asset impairment	-350,683,902	-441,964,213	226,422	-441,737,791	91,053,889	-21%	The decrease in depreciation is as a result of the carrying amount of assets decreasing due to wear and tear as well as the extension of useful lives resulting in the decrease of depreciation.
Finance charges	-143,221,895	-94,217,139	-52,831,380	-147,048,519	3,826,624	-3%	Within an acceptable range
Bulk purchases electricity	-2,350,400,905	-2,200,000,000	-165,000,000	-2,365,000,000	14,599,095	-1%	Within an acceptable range
Inventory consumed	-739,336,381	-871,509,197	102,187,572	-769,321,625	29,985,244	-4%	Within an acceptable range
Contracted services	-799,398,801	-664,656,777	-167,481,586	-832,138,363	32,739,562	-4%	Within an acceptable range
Transfers and subsidies	-29,562,255	-63,469,171	22,583,121	-40,886,050	11,323,795	-28%	Lesser Grant in Aid was paid in the current year than budgeted amount. Also medical aid payments for post retirement benefits
Other expenditure	-186,190,577	-180,000,000	-27,788,665	-207,788,665	21,598,088	-10%	The actual expenditure incurred was less than anticipated due to cost-cutting measures.
Losses	-33,578,498	0	-50,000,000	-50,000,000	16,421,502	-33%	Increase in losses is attributable to impairment losses and loss on asset disposal during the period under review and in relation to budget.
Total expenditure	-6,222,242,146	-6,454,946,893	-162,834,347	-6,617,781,240	395,539,094		
	6,423,603,175	7,050,770,260	-44,855,970	7,005,914,290	-582,311,115		
	-6,222,242,146	-6,454,946,893	-162,834,347	-6,617,781,240	395,539,094		
Operating surplus	201,361,029	595,823,367	-207,690,317	388,133,050	-186,772,021		
Transfers and subsidies - capital(monetary allocations) (National / Provincial and District)	324,319,270	446,431,109	-8,833,867	437,597,242	-113,277,972	-26%	The variance is as a result of GEVDI de-recognition of land.
	525,680,299	1,042,254,476	-216,524,184	825,730,292	-300,049,993		
Deficit before taxation	525,680,299	1,042,254,476	-216,524,184	825,730,292	-300,049,993		
Surplus/(Deficit) for the year	525,680,299	1,042,254,476	-216,524,184	825,730,292	-300,049,993		

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81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2023	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
STATEMENT OF FINANCIAL POSITION							
Classes of assets							
Current assets	3,974,179,670	2,090,047,368	919,782,497	3,009,829,865	964,349,805	32%	There has been an increase in cash and cash equivalent collected , statutory receivables , consumer debtors and inventory during the period under review in relation to budget
Non-Current Assets	8,364,864,442	8,339,501,363	-300,000,000	8,039,501,363	325,363,079	4%	Within acceptable range
Classes of liabilities							
Current Liabilities	3,130,339,584	1,463,352,337	1,171,170,409	2,634,522,746	495,816,838	19%	There has been an increase in current Liabilities due to adjustments to financial statements.
Non-Current Liabilities	658,473,829	1,309,132,900	775,015,320	2,084,148,220	-1,425,674,391	-68%	There has been a decrease in other financial assets and employees obligation when compared to budgeted amount
Reserves							
Reserves	8,550,230,699	7,657,063,494	-1,326,403,232	6,330,660,262	2,219,570,437	35%	There has been an increase in Accumulated surplus, Capital replacement reserve and Revaluation reserve noted during the period under review in relation to budgeted amount.

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81. Variance analysis comparison of budget against actual

Reasons are only provided for variances above 10%

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2023	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and final budget - R	Difference between current year actual and final budget - %	Explanation for significant fluctuations
STATEMENT OF CASH FLOWS							
Cash flows from operating activities							
Receipts	6,069,696,021	7,395,648,181	209,275,282	7,604,923,463	-1,535,227,442	-20%	Lesser than anticipated revenue was collected during the period under review
Payments	-5,287,245,188	-6,763,380,567	-113,060,774	-6,876,441,341	1,589,196,153	-23%	Lesser than anticipated payments were made during the period under review due to cost cutting measures implemented during the period under review.
Cash flows from investing activities							
Net cash flows from investing activities	-481,038,763	-835,918,465	205,961,713	-629,956,752	148,917,989	-24%	Less than anticipated due to cashflow constraints
Cash flows from financing activities							
Net cash flows from financing activities	-79,162,901	276,393,968	-300,000,000	-23,606,032	-55,556,869	70%	Less than anticipated inflow due to repayment of long term loan during the period under review.

	Cost 01/07/2022	Valuation 01/07/2022	AUC 01/07/2022	Cost/Valuation 01/07/2022	Additions	Fair value/revaluation gains/(losses)	Transfers/Adjustments	Post Capitalisation	Additions AUC	Depreciation	Balance 30/06/2022	Balance 01/07/2022	Depreciation 2022/23	Disposals	Adjustments/Transfers	Post Capitalisation	Balance 30/06/2023	Balance 01/07/2023	Impairment 2022/23	Balance 30/06/2023	Carrying Value
Land And Buildings																					
Land	712,426,740.00	-	-	-	712,426,740.00	-	-	-	-	-	712,426,740.00	-	-	-	-	-	-	-	-	712,426,740.00	
Building	463,783,972.94	-	-	-	463,783,972.94	377,588.86	9,568,110.89	-	-	-	473,720,472.49	338,827,186.87	13,238,804.12	-	-	-	352,065,000.99	746,454.39	-	746,454.39	120,917,227.11
Total Land And Buildings	1,176,210,712.93	-	-	-	1,176,210,712.93	377,588.86	9,568,110.89	-	-	-	1,186,136,413.48	338,827,186.87	13,238,804.12	-	-	-	352,065,000.99	746,454.39	-	746,454.39	833,341,968.10
Infrastructure																					
ELECTRICITY RETICULATION	4,374,860.56	-	-	-	4,374,860.56	-	-	-	-	-	4,374,860.56	-	-	-	-	-	4,374,860.56	-	-	4,374,860.56	
WATER SUPPLY LINES	65,961,415.63	-	-	-	65,961,415.63	-	-	-	-	-	65,961,415.63	-	-	-	-	-	65,961,415.63	-	-	65,961,415.63	
WATER SUPPLY PIPES	420,370,399.44	-	-	-	420,370,399.44	-	-	-	-	-	420,370,399.44	-	-	-	-	-	420,370,399.44	-	-	420,370,399.44	
WATER SUPPLY TANKS	75,208,200.82	-	-	-	75,208,200.82	-	-	-	-	-	75,208,200.82	-	-	-	-	-	75,208,200.82	-	-	75,208,200.82	
WATER SUPPLY TREATMENT PLANTS	166,564,709.46	-	-	-	166,564,709.46	-	-	-	-	-	166,564,709.46	-	-	-	-	-	166,564,709.46	-	-	166,564,709.46	
WATER SUPPLY PUMP STATIONS	64,830,718.39	-	-	-	64,830,718.39	-	-	-	-	-	64,830,718.39	-	-	-	-	-	64,830,718.39	-	-	64,830,718.39	
WATER SUPPLY DISTRIBUTION NETWORK	131,272,159.62	-	-	-	131,272,159.62	-	-	-	-	-	131,272,159.62	-	-	-	-	-	131,272,159.62	-	-	131,272,159.62	
WATER SUPPLY STORAGE TANKS	37,509,866.87	-	-	-	37,509,866.87	-	-	-	-	-	37,509,866.87	-	-	-	-	-	37,509,866.87	-	-	37,509,866.87	
WATER SUPPLY PUMP HOUSES	71,487,411.40	-	-	-	71,487,411.40	-	-	-	-	-	71,487,411.40	-	-	-	-	-	71,487,411.40	-	-	71,487,411.40	
WATER SUPPLY MAIN LINES	17,509,818.58	-	-	-	17,509,818.58	-	-	-	-	-	17,509,818.58	-	-	-	-	-	17,509,818.58	-	-	17,509,818.58	
WATER SUPPLY PUMP STATIONS	194,004,886.26	-	-	-	194,004,886.26	-	-	-	-	-	194,004,886.26	-	-	-	-	-	194,004,886.26	-	-	194,004,886.26	
WATER SUPPLY DISTRIBUTION NETWORK	715,861,530.26	-	-	-	715,861,530.26	-	-	-	-	-	715,861,530.26	-	-	-	-	-	715,861,530.26	-	-	715,861,530.26	
Total Electricity	2,626,422,169.98	-	-	-	2,626,422,169.98	23,275,611.72	945,428,311.72	-	-	-	1,137,679,16	1,089,428,311.72	10,275,548.01	95,895.16	-	-	1,089,428,311.72	10,275,548.01	248,140.10	1,333,686.83	1,089,428,311.72
AIRPORT RUNWAY	73,574,385.72	-	-	-	73,574,385.72	-	-	-	-	-	73,574,385.72	-	-	-	-	-	73,574,385.72	-	-	73,574,385.72	
AIRPORT TAXIWAYS	146,524,449.32	-	-	-	146,524,449.32	-	-	-	-	-	146,524,449.32	-	-	-	-	-	146,524,449.32	-	-	146,524,449.32	
AIRPORT TUNNELS	309,378,321.71	-	-	-	309,378,321.71	-	-	-	-	-	309,378,321.71	-	-	-	-	-	309,378,321.71	-	-	309,378,321.71	
CONCRETE ROADS	15,698,718.73	-	-	-	15,698,718.73	-	-	-	-	-	15,698,718.73	-	-	-	-	-	15,698,718.73	-	-	15,698,718.73	
GRAVEL ROADS	125,440,299.75	-	-	-	125,440,299.75	-	-	-	-	-	125,440,299.75	-	-	-	-	-	125,440,299.75	-	-	125,440,299.75	
ROADS	205,283.18	-	-	-	205,283.18	-	-	-	-	-	205,283.18	-	-	-	-	-	205,283.18	-	-	205,283.18	
ROADSIDE INTERSECTIONS	2,288,163,377.28	-	-	-	2,288,163,377.28	-	-	-	-	-	2,288,163,377.28	-	-	-	-	-	2,288,163,377.28	-	-	2,288,163,377.28	
ROADSIDE INTERSECTIONS	2,288,163,377.28	-	-	-	2,288,163,377.28	-	-	-	-	-	2,288,163,377.28	-	-	-	-	-	2,288,163,377.28	-	-	2,288,163,377.28	
Total Roads	3,133,852,288.42	-	-	-	3,133,852,288.42	24,183,580.91	3,158,035,869.33	-	-	-	3,158,035,869.33	3,133,852,288.42	24,183,580.91	3,158,035,869.33	-	-	3,158,035,869.33	24,183,580.91	3,158,035,869.33	3,158,035,869.33	3,158,035,869.33
WATER SUPPLY LINES	104,811,650.49	-	-	-	104,811,650.49	-	-	-	-	-	104,811,650.49	-	-	-	-	-	104,811,650.49	-	-	104,811,650.49	
WATER SUPPLY PIPES	1,000,121,171.14	-	-	-	1,000,121,171.14	-	-	-	-	-	1,000,121,171.14	-	-	-	-	-	1,000,121,171.14	-	-	1,000,121,171.14	
WATER SUPPLY TANKS	472,621,908.72	-	-	-	472,621,908.72	-	-	-	-	-	472,621,908.72	-	-	-	-	-	472,621,908.72	-	-	472,621,908.72	
WATER SUPPLY PUMP STATIONS	64,742,053.11	-	-	-	64,742,053.11	-	-	-	-	-	64,742,053.11	-	-	-	-	-	64,742,053.11	-	-	64,742,053.11	
Total Sanitation	654,095,798.68	-	-	-	654,095,798.68	3,162,374.66	657,258,173.34	-	-	-	657,258,173.34	654,095,798.68	3,162,374.66	657,258,173.34	-	-	657,258,173.34	3,162,374.66	657,258,173.34	657,258,173.34	657,258,173.34
PUMP STATIONS	13,290,716.20	-	-	-	13,290,716.20	-	-	-	-	-	13,290,716.20	-	-	-	-	-	13,290,716.20	-	-	13,290,716.20	
WATER SUPPLY LINES	248,013,666.87	-	-	-	248,013,666.87	-	-	-	-	-	248,013,666.87	-	-	-	-	-	248,013,666.87	-	-	248,013,666.87	
WATER SUPPLY PIPES	100,931,000.19	-	-	-	100,931,000.19	-	-	-	-	-	100,931,000.19	-	-	-	-	-	100,931,000.19	-	-	100,931,000.19	
WATER SUPPLY TANKS	456,624,656.46	-	-	-	456,624,656.46	-	-	-	-	-	456,624,656.46	-	-	-	-	-	456,624,656.46	-	-	456,624,656.46	
WATER SUPPLY PUMP STATIONS	170,051,046.19	-	-	-	170,051,046.19	-	-	-	-	-	170,051,046.19	-	-	-	-	-	170,051,046.19	-	-	170,051,046.19	
WATER SUPPLY DISTRIBUTION NETWORK	2,460,375.77	-	-	-	2,460,375.77	-	-	-	-	-	2,460,375.77	-	-	-	-	-	2,460,375.77	-	-	2,460,375.77	
Total Water	1,211,474,089.22	-	-	-	1,211,474,089.22	9,856,814.21	1,221,330,903.43	-	-	-	1,221,330,903.43	1,211,474,089.22	9,856,814.21	1,221,330,903.43	-	-	1,221,330,903.43	9,856,814.21	1,221,330,903.43	1,221,330,903.43	1,221,330,903.43
ACCESS CONTROL	298,233.53	-	-	-	298,233.53	-	-	-	-	-	298,233.53	-	-	-	-	-	298,233.53	-	-	298,233.53	
FENCING	24,933,329.21	-	-	-	24,933,329.21	-	-	-	-	-	24,933,329.21	-	-	-	-	-	24,933,329.21	-	-	24,933,329.21	
SECURITY SYSTEMS	65,751,249.13	-	-	-	65,751,249.13	-	-	-	-	-	65,751,249.13	-	-	-	-	-	65,751,249.13	-	-	65,751,249.13	
Total Security	56,983,891.87	-	-	-	56,983,891.87	3,054,761.22	60,038,653.09	-	-	-	60,038,653.09	56,983,891.87	3,054,761.22	60,038,653.09	-	-	60,038,653.09	3,054,761.22	60,038,653.09	60,038,653.09	60,038,653.09
ROAD AND SIDEWALKS	6,472,941.63	-	-	-	6,472,941.63	-	-	-	-	-	6,472,941.63	-	-	-	-	-	6,472,941.63	-	-	6,472,941.63	
ROADSIDE INTERSECTIONS	102,288,275.73	-	-	-	102,288,275.73	-	-	-	-	-	102,288,275.73	-	-	-	-	-	102,288,275.73	-	-	102,288,275.73	
ROADSIDE INTERSECTIONS	46,810,368.78	-	-	-	46,810,368.78	-	-	-	-	-	46,810,368.78	-	-	-	-	-	46,810,368.78	-	-	46,810,368.78	
ROADSIDE INTERSECTIONS	65,080,071.48	-	-	-	65,080,071.48	-	-	-	-	-	65,080,071.48	-	-	-	-	-	65,080,071.48	-	-	65,080,071.48	
ROADSIDE INTERSECTIONS	32,860,761.62	-	-	-	32,860,761.62	-	-	-	-	-	32,860,761.62	-	-	-	-	-	32,860,761.62	-	-	32,860,761.62	
ROADSIDE INTERSECTIONS	13,345,399.10	-	-	-	13,345,399.10	-	-	-	-	-	13,345,399.10	-	-	-	-	-	13,345,399.10	-	-	13,345,399.10	
ROADSIDE INTERSECTIONS	448,608,915.49	-	-	-	448,608,915.49	-	-	-	-	-	448,608,915.49	-	-	-	-	-	448,608,915.49	-	-	448,608,915.49	
Total Stormwater	716,089,836.23	-	-	-	716,089,836.23	6,551,154.29	722,640,990.52	-	-	-	722,640,990.52	716,089,836.23	6,551,154.29	722,640,990.52	-	-	722,640,990.52	6,551,154.29	722,640,990.52	722,640,990.52	722,640,990.52
Railway Lines	3,449,376.95	-	-	-	3,449,376.95	-	-	-	-	-	3,449,376.95	-	-	-	-	-	3,449,376.95	-	-	3,449,376.95	
Total Railway Lines	3,449,376.95	-	-	-	3,449,376.95	3,449,376.95	3,449,376.95	-	-	-	3,449,376.95	3,449,376.95	3,449,376.95	3,449,376.95	-	-	3,449,376.95	3,449,376.95	3,449,376.95	3,449,376.95	3,449,376.95
GARDEN REFUSE	3,590,993.12	-	-	-	3,590,993.12	-	-	-	-	-	3,590,993.12	-	-	-	-	-	3,590,993.12	-	-	3,590,993.12	
GARDEN REFUSE	6,075,607.39	-	-	-	6,075,607.39	-	-	-	-	-	6,075,607.39	-	-	-	-	-	6,075,607.39	-	-	6,075,607.39	
GARDEN REFUSE	539,740.94	-	-	-	539,740.94	-	-	-	-	-	539,740.94	-	-	-	-	-	539,740.94	-	-	539,740.94	
Total Solid Waste	12,205,341.36	-	-	-	12,205,341.36	12,205,341.36	12,205,341.36	-	-	-	12,205,341.36	12,205,341.36	12,205,341.36	12,205,341.36	-	-	12,205,341.36	12,205,341.36	12,205,341.36	12,205,341.36	12,205,341.36
Total Infrastructure	7,838,588,732.51	-	-	-	7,838,588,732.51	40,328,122.50	8,241,916,855.01	-	-	-	8,241,916,855.01	7,838,588,732.51	40,328,122.50								

	Cost 01/07/2022	Valuation 01/07/2022	AUC 01/07/2022	Cost/Valuation 01/07/2022	Additions	Fair value/revaluation gains/(losses)	Transfers/Adjustments	Post Capitalisation	Additions AUC	Decreciation	Balance 30/06/2022	Balance 01/07/2022	Depreciation 2022/23	Disposals	Adjustments/ Transfers	Post Capitalisation	Balance 30/06/2023	Balance 01/07/2022	Impairment 2022/23	Balance 30/06/2023	Carrying Value
CHENAI/STATIONS	7,004,221.00	-	-	7,004,221.00	-	-	-	-	-	-	7,004,221.00	5,695,568.38	210,500.53	-	-	-	5,695,729.11	112,289.06	-	5,695,729.11	5,695,729.11
ROSTER	1,557,492.33	-	-	1,557,492.33	-	-	-	-	-	-	1,557,492.33	1,206,896.81	28,650.50	-	-	-	1,206,896.81	112,289.06	-	1,206,896.81	1,206,896.81
HOUSING SCHEMES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LAND/PLT	47,639,748.56	-	-	47,639,748.56	5,145,740.00	-	5,235,886.07	-	-	-	47,735,094.63	32,806,261.20	1,473,583.64	-	-	-	30,833,729.56	1,944,365.07	1,548	30,833,729.56	30,833,729.56
MANUFACTURE	24,079,212.71	-	-	24,079,212.71	-	-	-	-	-	-	24,079,212.71	126,755,604.27	2,724,304.27	-	-	-	126,755,604.27	114,412.11	-	126,755,604.27	126,755,604.27
SHOPS	2,935,500.47	-	-	2,935,500.47	-	-	-	-	-	-	2,935,500.47	2,620,851.41	289,649.06	-	-	-	2,331,202.35	6,293.12	-	2,331,202.35	2,331,202.35
OLD AGE HOMES	924,085.45	-	-	924,085.45	-	-	-	-	-	-	924,085.45	725,386.63	13,733.16	-	-	-	710,653.47	113,431.98	-	710,653.47	710,653.47
RENTAL HOUSING AND DISCOUNT	794,633.56	-	-	794,633.56	-	-	-	-	-	-	794,633.56	643,149.45	151,484.11	-	-	-	491,665.34	302,968.22	-	491,665.34	491,665.34
TRAINING CENTRE	2,498,458.38	-	-	2,498,458.38	-	-	-	-	-	-	2,498,458.38	78,993.53	2,419,464.85	-	-	-	2,419,464.85	78,993.53	-	2,419,464.85	2,419,464.85
TRANSPORT FACILITIES	43,904,071.28	-	-	43,904,071.28	-	-	-	-	-	-	43,904,071.28	2,594,834.64	1,799,885.63	-	-	-	2,594,834.64	18,066.64	-	2,594,834.64	2,594,834.64
WOMEN'S AND STUDENTS	51,500,700.11	-	-	51,500,700.11	-	-	-	-	-	-	51,500,700.11	23,445,423.11	73,455.52	-	-	-	23,445,423.11				

MSUNDUZI LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2023
APPENDIX B

DESCRIPTION	HISTORICAL COSTS								ACCUMULATED DEPRECIATION AND IMPAIRMENTS								NET BOOK VALUE
	OPENING BALANCE	ADDITIONS/ UNDER CONSTRUCTION	TRANSFERS	REVALUATION	ADJUSTMENTS	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	OPENING IMPAIRMENT	CURRENT YEAR DEPRECIATION	DEPRECIATION TRANSFER	DEPRECIATION ADJUSTMENTS	DEPRECIATION DISPOSALS	CURRENT YEAR IMPAIRMENT	CLOSING BALANCE	
Executive and Council	35,466,614.45	749,658.04	45,308.14	1,701,500.00	544.54	(650,121.89)	-	35,612,003.28	(16,824,818.97)	(334,854.50)	(1,072,076.16)	(79,326.80)	(218.13)	608,902.63	(17,039.13)	(17,709,431.06)	19,604,072.22
Community and Social Services	615,730,965.21	43,937,014.62	117,583.98	123,998,209.34	235.78	-409,278.55	-	659,376,521.04	(247,042,369.66)	(8,476,224.37)	(10,299,587.25)	(51,304.59)	-47.70	294,814.02	-255,252.11	(265,829,971.66)	514,452,986.84
Electricity	2,111,939,269.06	71,071,450.30	(9,683.75)	3,650.00	1,784.17	(355,582.60)	-	2,182,647,237.18	-958,614,321.40	-13,676,064.84	(90,256,773.90)	5,198.42	(596.94)	185,215.66	(302,515.10)	(1,062,659,858.10)	1,138,214,500.31
Environmental Protection	5,619,441.64	22,176.00	(31,849.30)	-	1,501.07	(212,913.52)	-	5,398,355.89	-3,382,276.13	-130,848.96	(240,965.25)	17,141.05	(601.25)	212,688.77	(105,969.41)	(3,630,831.18)	1,767,524.71
Finance and Administration	1,741,391,678.46	18,423,507.85	275,579.27	953,000.00	3,526.66	(30,794,224.60)	(417,000.00)	1,728,883,067.64	-639,304,816.45	-6,125,443.38	(33,204,222.61)	(61,749.50)	(1,365.20)	29,149,251.60	(1,109,188.16)	(650,657,533.70)	1,079,178,533.94
Housing	1,038,627,904.82	13,443,437.87	(153,211.73)	-	-	-16,941.03	26,831,692.00	1,078,732,881.93	-29,699,120.92	-133,167.45	-3,527,214.41	99,113.01	-	12,544.61	(3,401.08)	(33,251,246.24)	1,046,679,770.86
Other	448,754,747.98	3,352,564.81	(21,262.23)	-	1,572.67	(1,278,215.27)	(4,400,000.00)	446,409,407.96	-242,199,029.32	-159,457.75	(12,030,185.49)	(15,639.97)	(563.03)	1,266,122.97	(69,802.82)	(253,208,555.41)	193,200,852.55
Planning and Development	265,218,631.65	42,516,219.91	(13,533.46)	-	375.21	(473,621.52)	-	307,248,071.79	-27,407,564.78	-430,156.74	(4,374,755.26)	(4,048.79)	(150.31)	83,952.92	(237,629.46)	(32,370,352.42)	274,877,719.37
Public Safety	41,067,527.28	147,639.89	65,211.56	-	320.76	(287,466.09)	-	40,993,233.40	-24,083,796.95	-440,400.21	(1,022,877.79)	(51,251.57)	(128.53)	283,594.37	(14,303.53)	(25,329,164.21)	15,664,069.19
Road Transport	4,516,826,136.98	158,748,517.79	(89,068.35)	-	3,220.30	(658,305.54)	-	4,674,830,501.18	-1,897,789,848.14	-6,770,355.28	(101,280,159.76)	63,253.87	(1,283.57)	560,656.15	(3,616,023.29)	(2,008,833,760.02)	2,665,846,750.43
Sport and Recreation	538,275,504.42	923,100.01	(160,806.08)	118,850.00	290.07	(174,625.41)	-	538,863,463.01	-244,042,309.43	-2,271,680.06	(12,178,969.30)	59,107.98	(99.59)	105,250.39	(446,216.91)	(258,774,916.92)	276,135,441.64
Waste Management/Solid Waste	105,038,368.19	3,634,258.41	(24,000.00)	-	302.85	(79,392.10)	-	108,569,537.35	-43,335,699.06	-504,803.12	(534,100.59)	17,537.49	(110.88)	79,392.10	(5,232.34)	(44,283,016.40)	64,286,520.95
Waste Water Management	829,880,530.58	48,191,731.92	(231.16)	300.00	-	(280,535.69)	-	877,791,495.65	-253,748,928.48	-4,191,424.67	(20,940,569.47)	1,952.33	-	257,449.23	(1,519.44)	(278,623,040.50)	599,168,755.15
Water	1,441,319,696.82	67,841,532.68	(36.89)	55,950.00	187.03	(67,395.58)	-	1,509,093,984.06	1,509,093,984.06	-66,184,161.37	(46,386,072.69)	17.07	(74.64)	62,270.50	(10,328.96)	1,396,575,633.97	781,808,167.11
TOTALS	13,735,157,017.54	473,002,810.10	(0.00)	126,831,459.34	13,861.11	-	22,014,692.00	14,357,019,840.09	(3,118,380,915.63)	(109,819,042.70)	(337,348,529.93)	(0.00)	(5,239.77)	-	(6,194,421.74)	(3,571,748,149.77)	8,670,885,665.27

MSUNDUZI LOCAL MUNICIPALITY

APPENDIX C

ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS) FOR THE YEAR ENDED 30 JUNE 2023

Description		2022 Budget R	2022 Actual R	2022 Assets Under Construction R	2022 Additions R	2022 Variance R	2022.00 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council		2,100,000.00	749,658.04	0	749,658.04	1,350,341.96	64%	
Finance and Administration		27,261,383.00	18,023,507.85	343,051.35	18,080,456.50	9,237,875.15	34%	
Planning and Development		137,989,691.60	118,594,322.77	36,277,342.86	6,238,877.05	19,395,368.83	14%	
Public Safety		1,000,000.00	147,639.89		147,639.89	852,360.11	15%	
Community and Social Services		51,258,544.48	43,937,014.62	39,141,658.33	4,795,356.29	7,321,529.86	14%	
Health								
Sport and Recreation		2,065,000.00	921,500.00	0.00	923,100.01	1,143,500.00	55%	
Road Transport		51,490,843.04	158,748,517.79	129,464,311.55	29,409,371.08	-107,257,674.75	-208%	
Water		169,194,116.50	67,841,532.68	64,310,168.93	3,531,363.75	101,352,583.82	60%	
Waste Water Management		56,027,290.49	48,191,731.92	44,258,114.57	3,933,617.35	7,835,558.57	14%	
Electricity		278,466,949.65	71,071,450.30	66,925,846.00	23,275,611.73	207,395,499.35	74%	
Housing		17,886,676.92	12,135,242.66	14,224,017.82	417,555.22	5,751,434.26	32%	
Other		4,258,382.28	3,352,564.81	59,643.69	3,292,921.12	905,817.47	21%	
Environment Protection/Solid Waste		11,407,074.69	8,799,174.41	4,511,271.95	-854,837.54	2,607,900.28	23%	
TOTALS		810,405,952.65	552,513,857.74	399,515,427.05	93,940,690.49	257,892,094.91		

	MSUNDUZI LOCAL MUNICIPALITY										
	APPENDIX D										
	DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2023								30 June 2023		
<u>General Ledger account number</u>	<u>Account Description</u>	<u>Unspent balance @ 01 July 202</u>	<u>Transfers to income</u>	<u>Transfer to own revenue</u>	<u>Inter project transfer</u>	<u>Funds paid back to National Treasury</u>	<u>VAT recovered from NT grants</u>	<u>Current year interest earned</u>	<u>Current year receipts</u>	<u>Unspent balance</u>	<u>Source Code</u>
1791201000	GRANTS UNSPENT:OP-NT-EXPANDED PUBLIC WORKS PROGRAMME	-	5,228,151		-	-	-	-	-5,231,000	-2,849	UNSPENT CG - NATIONAL GOVERNMENT
1791203000	GRANTS UNSPENT:OP-NT-FINANCE MANAGEMENT GRANT	-	1,847,445		-	-	102,555	-	-1,950,000	-	UNSPENT CG - NATIONAL GOVERNMENT
1791000000	GRANTS UNSPENT:CP-NT-INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	-	23,960,620	-	-	-	3,419,023	-	-29,154,000	-1,774,357	UNSPENT CG - NATIONAL GOVERNMENT
1791003000	GRANTS UNSPENT:CP-NT-NEIGHBOURHOOD DEV P/SHIP GRANT	-70,702	30,460,747		-	71,285	4,038,669	-	-34,500,000	-0	UNSPENT CG - NATIONAL GOVERNMENT
1791108000	GRANTS UNSPENT:CP-COGTA-MUNICIPAL DISASTER RESPONSE GRANT	-620,000	560,957		-	-	59,043	-	-	0	UNSPENT CG - NATIONAL GOVERNMENT
1791001000	GRANTS UNSPENT:CP-NT-MUNICIPAL INFRASTRUCTURE PROGRAMME	-	191,605,275		-5,057,110	-	28,543,714	-	-215,118,584	-26,705	UNSPENT CG - NATIONAL GOVERNMENT
1791209000	GRANTS UNSPENT:OP-NT-MUNICIPAL INFRASTRUCTURE PROGRAMME	-	6,779,518		5,057,110	-	197,789	-	-12,034,416	-	UNSPENT CG - NATIONAL GOVERNMENT
1791004000	GRANTS UNSPENT:CP-NT-PUBLIC TRANSPORT NETWORK GRANT	-	-	-	-	-	-	-	-	-	UNSPENT CG - NATIONAL GOVERNMENT
1791206000	GRANTS UNSPENT:OP-NT-PUBLIC TRANSPORT NETWORK GRANT	-	-	-	-	-	-	-	-	-	UNSPENT CG - NATIONAL GOVERNMENT
1791007000	GRANTS UNSPENT:CP-NT-WATER SERVICES INFRAST GRANT	-5,125	3,864,626		25,555,264	5,125	579,694	-	-30,000,000	-417	UNSPENT CG - NATIONAL GOVERNMENT
1791210000	GRANTS UNSPENT:OP-NT-WATER SERVICES INFRAST GRANT	-13,590	48,489,732		-25,555,264	13,590	7,065,532	-	-30,000,000	-	UNSPENT CG - NATIONAL GOVERNMENT
		-709,416	312,797,070	-	-	90,000	44,006,018	-	-357,988,000	-1,804,328	
1791103000	GRANTS UNSPENT:CP-COGTA-CORRIDOR DEVELOPMENT	-6,606,654	487,435		-	-	-	-442,004	-	-6,561,224	UNSPENT CG - PROVINCIAL GOVERNMENT
1791112000	GRANTS UNSPENT:CP-COGTA-EASTWOOD PRIMARY SUBSTATION	-6,077,724	16,130,468		-	-	-	-470,070	-10,000,000	-417,326	UNSPENT CG - PROVINCIAL GOVERNMENT
1791122000	GRANTS UNSPENT:CP-DOHS-UPGRADING INFORMAL SETTLEME	-	-		-	-	-	-	-58,395,414	-58,395,414	UNSPENT CG - PROVINCIAL GOVERNMENT
1791302000	GRANTS UNSPENT:OP-DOHS - HOUSING PROJECTS	-	2,050,695		-	-	-	-	-2,050,695	-	UNSPENT CG - PROVINCIAL GOVERNMENT
1791121000	GRANTS UNSPENT:CP-EDTEA - INFORMAL CBD	-81,854	66,415		-	-	-	-4,795	-	-20,234	UNSPENT CG - PROVINCIAL GOVERNMENT
1791118000	GRANTS UNSPENT:CP-DOHS-JIKA JOE	-	4,366,559	654,984	-	-	-	-	-5,021,543	-	UNSPENT CG - PROVINCIAL GOVERNMENT
1791114000	GRANTS UNSPENT:CP-KZN - PIETERMARITZBURG AIRPORT	-47,442	2,874,671		-	-	-	-21,847	-3,000,000	-194,618	UNSPENT CG - PROVINCIAL GOVERNMENT
1791117000	GRANTS UNSPENT:CP-COGTA-YOUTH ENTERPRISE PARK	-190,805	197,683		-	-	-	-10,084	-	-3,206	UNSPENT CG - PROVINCIAL GOVERNMENT
1791326000	GRANTS UNSPENT:OP-LGSETA: BURSARIES FOR NON EMPLOYEES	-	167,982		-	-	-	-	-167,982	-	UNSPENT CG - PROVINCIAL GOVERNMENT
1791325000	GRANTS UNSPENT:OP-EDTEA-MUNICIPAL EMPLOYMENT INITIATIVE	-	-		-	-	-	-76,549	-2,000,000	-2,076,549	UNSPENT CG - PROVINCIAL GOVERNMENT
1791303000	GRANTS UNSPENT:OP-KZN-HOUSING:E/DALE PVT LAND ACQ	-13,121,774	14,670,904		-3,123,456	-	-	-706,360	-	-2,280,685	UNSPENT CG - PROVINCIAL GOVERNMENT
1791102000	GRANTS UNSPENT:CP-KZN-HOUSING:E/DALE PVT LAND ACQ	-92,868,623	11,683,354		3,123,456	-	-	-5,901,257	-1,498,779	-85,461,849	UNSPENT CG - PROVINCIAL GOVERNMENT
1791107000	GRANTS UNSPENT:CP-KZN: HOUSING- ACCREDITATION	-3,216,604	417,555		-	-	-	-215,456	-	-3,014,504	UNSPENT CG - PROVINCIAL GOVERNMENT
1791305000	GRANTS UNSPENT:OP-KZN-: HOUSING- ACCREDITATION	-5,615,621	2,831,371		-	-	-	-401,524	-4,634,581	-7,820,355	UNSPENT CG - PROVINCIAL GOVERNMENT
1791105000	GRANTS UNSPENT:CP-KZN -ARTS/CULTURE-LIBRARY	-7,221,426	-		224,369	-	-	-2,943	-	-7,000,000	UNSPENT CG - PROVINCIAL GOVERNMENT
1791306000	GRANTS UNSPENT:OP-KZN-ARTS/CULTURE-LIBRARY	-290,781	16,172,386		-224,369	-	-	-426,993	-15,946,000	-715,758	UNSPENT CG - PROVINCIAL GOVERNMENT
1791307000	GRANTS UNSPENT:OP-KZN-A/CULTURE-TATHAM ART GALLERY	-19,154	91,266		246,523	-	-	-14,395	-339,000	-34,759	UNSPENT CG - PROVINCIAL GOVERNMENT
1791106000	GRANTS UNSPENT:CP-KZN-A/CULTURE-TATHAM ART GALLERY	-19,647	347,779		-246,523	-	-	-13,656	-200,000	-132,047	UNSPENT CG - PROVINCIAL GOVERNMENT
		-135,378,109	72,556,523	654,984	-0	-	-	-8,707,933	-103,253,994	-174,128,529	
		-136,087,525	385,353,593	654,984	-0	90,000	44,006,018	-8,707,933	-461,241,994	-175,932,856	

MSUNDUZI LOCAL MUNICIPALITY										
APPENDIX E										
CONTINGENT LIABILITIES AS AT 30 JUNE 2023										
MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVOCATE	YEAR INITIATED	CURRENT STATUS/PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	2022/2023	2021/2022
B.A. Clark v. Msunduzi Municipality	Delictual Claim. The Municipality dug trenches along Old Howick Road, a net was placed adjacent to the trenches. Plaintiff alleges that he was caught by such nets whilst cycling.	Internal	Internal	2009	Awaiting new set down for trial.	R379 975.83 Plus interest at 15.5 per cent per annum.	Not Probable	R 379 975.83	2,856,957	2,473,556
Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	Internal	Internal	2008	Set down for trial was part-heard. Ongoing.	R73 500.00 Plus interest at 15.5 per cent per annum.	Not Probable	R73 500	638,289	552,631
F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries	Internal	Internal	2007	The defendants plea has been filed. The matter is ongoing.	R 198 840.00 plus interest at 15.5 per cent per annum.	Not Probable	R 198 840.00	1,994,415	1,726,766
Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	Internal	Internal	2008	Correspondence exchanged between attorneys of record. The matter is ongoing.	R100 000.00 Plus interest at 15.5 per cent per annum.	Not Probable	R 100 000	868,420	751,879
Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2007	The matter is ongoing.	R15 080.00 plus interests at 15.5 per cent per annum.	Not Probable	R 15 080.00	151,256	130,958
Hafejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Internal	Internal	2004	Ongoing	R98 800.00 plus interest at 15.5 per cent per annum.	Not Probable	R 98 800.00	1,526,914	1,322,004
Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	Internal	Internal	2010	Matter is ongoing.	R 95 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 95 000.00	618,428	535,436
Mans N. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to her vehicle as a result of a collision between her vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2010	An application for condonation was opposed and the matter is ongoing.	R 7 045.75 plus interest at 15.5 per cent per annum.	Not Probable	R 7 045.75	45,866	39,711
Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2010	The matter is part-heard.	R282 818.08 plus interest at 15.5 per cent per annum.	Not Probable	R 282 818.08	1,841,081	1,594,010
Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	Internal	Internal	2010	The matter is ongoing	R 200 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 200 000.00	1,301,954	1,127,233
Mpongose NK v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to structural and mechanical damage to his vehicle caused by towing by municipal traffic officers.	Internal	Internal	2011	The matter is ongoing	R 23 964.42 plus interest at 15.5 per cent per annum.	Not Probable	R 23 964.42	135,067	116,942
Nxumalo TR v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his motor vehicle as a result of a street lamp pole falling on it. The Municipality alleges that the site at the time was controlled by SANRAL and as such an application to join them as co-defendant has been made.	Internal	Internal	2011	The matter is part-heard.	R 21 791.04 plus interest at 15.5 per cent per annum.	Not Probable	R 21 791.04	122,818	106,336
Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	Internal	Internal	2011	The defendant's plea has been filed. The matter is ongoing.	R109 038.97 plus interest at 15.5 per cent per annum.	Not Probable	R 109 038.97	614,562	532,088
Naidoo M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because he fell on an uneven pavement in the vicinity of Delhi Road	Internal	Internal	2011	Defendant's plea has been filed. Matter ongoing.	R 370 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 370 000.00	2,085,382	1,805,525
Kroese J. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality and the Minister of the Police for unlawful arrest and detention.	Internal	Internal	2011	The matter is part-heard.	R 40 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 40 000. 00	225,447	195,192

MSUNDUZI LOCAL MUNICIPALITY										
APPENDIX E										
CONTINGENT LIABILITIES AS AT 30 JUNE 2023										
MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	2022/2023	2021/2022
Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	Internal	Internal	2012	The matter is ongoing	R139 961.45 plus interest at 15.5 per cent per annum	Not Probable	R 139 961.45	682,984	591,328
Govender Kem v. Msunduzi Municipality	Delictual Claim: Plaintiff suffered damages due to a power surge at his property.	Internal	Internal	2012	The matter is ongoing	R 22 242.00 plus interest at 15.5 per cent per annum.	Not Probable	R 22 242.00	108,536	93,971
Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Internal	Internal	2012	The matter is ongoing	R 293 000.00 plus interest at 15.5 per cent per annum.	Not Probable	R 293 000.00	1,429,781	1,237,905
Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Insurance	Internal	2012	The matter is ongoing.	R 267 660.00 plus interest at 15.5 per cent per annum.	Not Probable	R 267 660.00	1,306,127	1,130,846
Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2013	An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	R8688.46 plus interest at 15.5 per cent per annum.	Not Probable	R 8 688.46	36,708	31,782
I Hansa v Msunduzi Municipality	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	Internal	Internal	2013	The matter is ongoing	R 124 734.50 plus interest at 9% p.a.	Not Probable	R 124 734.50	295,292	270,910
Asiphakame Projects CC 9321-14 v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2014	The Plaintiff applied for summary judgement and this was successfully opposed. Matter not yet finalised.	R 195 035.85 plus interest at 15.5 per cent per annum.	Not probable	R 195 035.85	713,432	617,690
Asiphakame Projects CC 9358-14 v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract	Internal	Internal	2014	The Plaintiff applied for summary judgement and this was successfully opposed. The matter is not yet finalised with Plaintiff not having moved further.	R 73 590.47 plus interest at 15.5% p.a.	Not probable	R 73 590.47	269,190	233,065
EMT. Kapp v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for damaged sustained to his vehicle as a result of an open trench in a public road.	Internal	Internal	2014	Pleadings have closed in the matter. Matter ongoing.	R13 154.75 plus interest at 15.5% p.a.	Not probable	R 13 154.75	48,119	41,662
V. Barnabas v Msunduzi Municipality	Delictual Claim: The claim arises from Plaintiff's vehicle having collided with a pothole in the vicinity of Plymouth Road.	Internal	Internal	2014	Matter ongoing	R18 228.00 plus interest at 15.5 per cent per annum	Not probable	R 18 228.00	66,677	57,729
Musawenkosi Isaac Dlamini v Msunduzi Municipality	Delictual claim. Plaintiff collided with a tree that had fallen across the road.	Internal	Internal	2014	The Municipality has filed a plea. Matter ongoing.	R78 616.27. plus interest at 9% per annum	Not probable	R 78 616.27	170,746	156,648
NS Ngwenya v Msunduzi Municipality	Delictual claim. Plaintiff's vehicle collided with a municipal vehicle.	Internal	Internal	2015	The matter is ongoing	R 11 395.37 plus 9% interest per annum.	Not probable	R 11 395.37	22,706	20,831
Bermin Investments CC t/a Magalela electrical v Msunduzi Municipality	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2015	This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea	R 170 100.69 plus interest at 15.5% p.a.	Not probable	R 170 100.69	538,719	466,423
Abbas Ghulam v Msunduzi Municipality	Delictual Claim: The claim arise from an alleged assault by a Municipal Traffic Officer in the course and scope of his employment.	Internal	Internal	2015	The matter is ongoing	R 100 000.00 plus interest at 15.5% per annum.	Not probable	R 100 000.00	316,706	274,204
SM Mazibuko v Msunduzi Municipality	Delictual Claim: The claim arises from an incident whereby Plaintiff's motor vehicle collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2015	The matter is ongoing	R11 395.73 plus 9% interest per annum.	Not probable	R 11 395.73	22,707	20,832
Anthoo Marion and Associates v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2015	Matter ongoing	R12 935.00 plus interest at 15.5% p.a.	Not probable	R 12 935.00	40,966	35,468
A. Aboobaker v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle collided with a municipal vehicle driven by an employee in the course and scope of his employment.	Internal	Internal	2015	Ongoing	R10 411.46 plus 9% interest per annum.	Not probable	R 10 411.46	20,745	19,033
L. Van Zyl v Msunduzi Municipality	Delictual Claim. Plaintiff's motor vehicle collided with a Municipal vehicle driven by an employee in the performance of his duties.	Internal	Internal	2016	The matter is ongoing	R46 692.18 plus 9% interest per annum.	Not probable	R 46 692.18	85,355	78,307
N. Singh v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle hit a pothole on a public road that falls within the jurisdiction of the Municipality.	Internal	Internal	2016	The matter is ongoing	R9 406.21 plus 15.5% interest per annum.	Not probable	R 9 406.21	25,792	22,331

MSUNDUZI LOCAL MUNICIPALITY										
APPENDIX E										
CONTINGENT LIABILITIES AS AT 30 JUNE 2023										
MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	2022/2023	2021/2022
S. W. Khanyile v Ms unduzi Municipality	Delictual Claim: Plaintiff claims that he was unlawfully assaulted and detained by Municipal Traffic Officers.	Insurance	Internal	2016	The matter is ongoing	R200 000.00 plus 9% interest per annum.	Not probable	R 200 000.00	365,608	335,420
M. Brown v Msunduzi Municipality	Delictual claim: The Plaintiff claims that he was arrested unlawfully by a Municipal Traffic Officer.	Insurance	Internal	2016	Ongoing	R 257 000.00 plus 9% interest per annum.	Not probable	R 257 000.00	469,806	431,015
S.S.Nyoka v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle.	Internal	Internal	2016	The summons herein was issued in the Magistrates Court.	R67 008.77 plus 9% interest per annum.	Not probable	R 67 008.77	122,495	112,380
Ilitha Research and Management CC v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Internal	Internal	2016	The summons was issued in the Magistrates Court. Further particulars were sought from ICT. The matter is ongoing.	R62 768.00 plus interest at 15.5% p.a.	Not probable	R 62 768.00	172,112	149,015
L.M. Stilless v Msunduzi Municipality	Delictual Claim: The Plaintiff herein h as sued the Municipality as a result of injuries sustained during a fall on an uncovered manhole.	Insurance	Internal	2016	The summons was issued at the High Court. Matter ongoing	R864 272.36 plus interest at 15.5% p.a.	Not probable	R 864 272.36	2,369,870	2,051,835
Ziyad Alley v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Internal	Internal	2016	A summons has been received. An appearance to defend was filed and served on the Plaintiff.	R 45 887.66 plus interest at 15.5% p.a.	Not probable	R 45 887.66	125,826	108,940
Koshik Singh v Msunduzi Municipality	Delictual Claim: The plaintiff has sued the Municipality as a result of a collision with a pothole.	Internal	Internal	2016	Defendant provided and filed the requested full further particulars to Plaintiff	R 9 406.21 plus 15.5% interest per annum.	Not probable	R 9 406.21	25,792	22,331
Akira Pillay v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Internal	Internal	2016	The Defendant's Plea and counterclaim were filed in court and served on the Plaintiff	R 14 365.96 plus 9% interest per annum.	Not probable	R 14 365.96	26,262	24,093
Taro Govender / Msunduzi Municipality/ Case No. 12048/11	Delictual Claim: The Plaintiff is suing the Municipality for damages arising from a flood that allegedly caused damage to the Plaintiff's property	Internal	Internal	2011	The matter is ongoing	R 100 000-00 plus 15.5% interest per annum.	Not probable	R 100 000.00	563,617	487,980
Mr Mduduzi Collen Sosibo, Mrs Sosibo v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	Internal	Internal	2016	Summons were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	R 132 431, 96 plus interest at 10.25% p.a.	Not probable	R 132 431.96	262,206	237,829
Philani Kenneth Sikhosana v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	Internal	Internal	2016	The plaintiff has claimed an amount of R 90 000. A plea has been filed and served on the plaintiff.	R 90 000 plus 9% interest per annum.	Not probable	R 90 000.00	164,524	150,939
Telkom SA Soc Limited Case No. 9672/16	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused during excavations by the municipal water department.	Internal	Internal	2016	Summons in the amount of R 33 523.55 was received. A plea has been filed in the matter.	R 33 523.55 plus 15.5% interest per annum.	Not probable	R 33 523.55	91,923	79,587
Lanre Ayodele Olaboeye and Sibongile Mthembu v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.	Internal	Internal	2016	An Appearance to defend was filed and served on plaintiff.	R42 376.09 plus 10.25% interest per annum.	Not probable	R 42 376.09	83,902	76,101
Prethaburan Govender v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	Internal	Internal	2016	A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	R48 200.00 plus interest at 15.5% p.a.	Not probable	R 48 200.00	132,166	114,430
Krishna Govender v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.	Internal	Internal	2016	Defendant's Discovery Affidavit filed and served on the Plaintiff.	R 13 405. 21 plus 15.5% interest per annum.	Not probable	R 13 405.21	36,758	31,825
Elizabeth Fredrica Jepson v The Msunduzi Local Municipality	Delictual Claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped over the pavement and was injured.	External Insurers	Internal	2017	The matter is ongoing	R 600 000.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 600 000.00	1,424,437	1,233,279
Electro Technical Agencies cc v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2017	A notice to withdraw the action was received from the Plaintiff.	R 10 817.73 plus 9% interest per annum.	Not probable	R 10 817.73	18,142	16,644

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MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	2022/2023	2021/2022
Musa Nxumalo and Msunduzi Local Municipality/ Petros Reta Mokoena	Delictual Claim: The Plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal driven by a Municipal employee in the course and scope of his employment.	Internal	Internal	2017	A Plea and Counterclaim were filed and served on the Plaintiff.	R 44 454.88 plus 9% interest per annum.	Not probable	R 44 454.88	74,555	68,399
Qalapha Jacob Ngubane v Msunduzi Municipality	Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	Internal	Internal	2017	An Appearance to defend was filed and served on the Plaintiff.	R 21 862.00 plus 15.5% interest per annum.	Not probable	R 21 862.00	51,902	44,937
Catherine Scott v Msunduzi Local Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a colliding with a pothole.	Internal	Internal	2017	The matter is ongoing	R 11 443.92 plus 15.5% interest per annum.	Not probable	R 11 443.92	27,169	23,523
Gys De Necker Ontwinkkelings (Pty) Ltd v Msunduzi Local Municipality	The plaintiff is suing the Municipality for an alleged failure to refund the Plaintiff in respect municipal service. The plaintiff issued summons in the amount of R 77 083.05.	Internal	Internal	2017	The Defendant's Plea was filed in court and served on the Plaintiff.	R 77 083.05 plus 10,25% interest per annum.	Not probable	R 77 083.05	138,430	125,560
Anton Venter v The Msunduzi Municipality - Case No. 7596/17	The Plaintiff is suing the municipality for allegedly suffering damage in the amount of R 13 641.50 for incurring legal fees in resolving his rates query.	Internal	Internal	2017	Matter settled	R13641.5 plus 15.5% interest per annum.	Not probable	0.00	0	28,040
Wiseman Sibonelo Thamsanqa Maphumulo v Msunduzi Local Municipality	Delictual Claim: The Plaintiff is suing the Municipality for an incident where the Plaintiff fell into an open manhole and allegedly suffered damages.	Insurance	Internal	2017	The matter is ongoing	R 177 000.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 177 000.00	420,209	363,817
Servest Hygiene v Msunduzi Municipality	contractual claim: The Plaintiff is suing the Municipality for services rendered to the Municipality.	Internal	Internal	2017	The matter is ongoing	R 36 941.89 plus 10,25% interest per annum.	Not probable	R 36 941.89	66,342	60,174
Ncamisile Madlala v Msunduzi Municipality	The plaintiff is suing the Municipality for damages arising because of the Defendant's alleged erroneous disconnection of a meter supplying electricity to the Plaintiff's premises	Internal	Internal	2017	The Defendant filed its Appearance to Defend in court and served it on the Plaintiff.	R 1495.23 plus 15.5% interest per annum.	Not probable	R 1 495.23	3,550	3,073
Sibongile Priscilla Zama v Msunduzi Municipality/ Philani Patrick Vidima	delictual claim: The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle	Internal	Internal	2018	The Defendants filed an Appearance to defend in court and served same on the Plaintiff.	R53 152.22 plus interest at 15.5% p.a.	Not probable	R 53 152.22	109,252	94,591
Kandasamy Moonsamy Devan v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the municipality for allegedly suffering damage from having tripped on a broken protruding portion of a pavement block/slab.	Internal	Internal	2018	The Defendant's Plea has been filed in the matter.	R92 596.44 plus 15.5% interest per annum.	Not probable	R 92 596.44	190,329	164,787
Skhumbuzo M Mpata v Msunduzi Municipality	delictual claim: The plaintiff is suing the Municipality for damages arising because of the natural flow of water, which caused damage the Plaintiff's property	Internal	Internal	2018	Defendant filed its Notice of Appearance to Defend as well as its Plea in court and served both on the Plaintiff	R 11 914.43 plus interest at 15.5% p.a.	Not probable	R 11 914.43	24,490	21,203
Nimie Mahomed v The Msunduzi Municipality	delictual claim: Plaintiff is suing the municipality for damages arising out of the Plaintiff allegedly falling on an uneven concrete slab.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 585 400.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 585 400.00	1,203,269	1,041,791
Melvyn Conrad Jansen v The Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 927 400.00 plus 15.5% interest per annum.	Insurance (external insurers)	R 927 400.00	1,906,238	1,650,422
Mzotshingwe Million Mzobe v Kevin Joseph/ The Msunduzi Municipality	Delictual claim: The plaintiff is suing the Municipality for damages arising because of a motor vehicle collision between a municipal vehicle driven by a municipal worker and the Plaintiff's vehicle	Internal	Internal	2018	The matter is ongoing	R 75 119.79 plus interest at 15.5% p.a.	Not probable	R 75 119.79	154,406	133,685
Eskom Holdings Soc Limited v Msunduzi Municipality and Indiza Airport Management (PTY) Limited	delictual claim: The Plaintiff is suing the Municipality for having allegedly suffered damage to its aircraft due to a fire breakout.	Insurance (external insurers)	Internal	2018	The matter is ongoing	R 17 963 805.75 plus 10% interest per annum.	Insurance (external insurers)	R 17 963 805.75	28,930,889	26,300,808

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Dharam C Deepaul v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for damages allegedly suffered to its motor vehicle as a result of colliding with a pothole.	Internal	Internal	2018	The matter is ongoing	R 50 462.89 plus 10,25% interest per annum.	Not probable	R 50 462.89	82,199	74,557
Rowan Gareth Blakeman v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a large pothole.	Internal	Internal	2018	The matter is ongoing	R 104 352.10 plus 10% interest per annum.	Not probable	R 104 352.10	168,060	152,782
Bhekezakhe Victor Langa v Msunduzi Local Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.	Internal	Internal	2018	Conducted research, consultations and instructions on plea and claim in reconviction	R24 909.17 plus 10% interest per annum.	Not probable	R 24 909.17	40,116	36,470
Dan Moonsamy Naidoo v Msunduzi Municipality/ Hlangiwe Sithole	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment.	Internal	Internal	2019	A round table conference has been arranged between the parties.	Claim 1 R 35 000.00 , Claim 2 R 3 000.00 plus interest at 15.5% p.a.	Not probable	R 38 000.00	67,626	58,550
J Supathy v Msunduzi Local Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having allegedly collided with a pothole in the vicinity of New Holmes Way.	Internal	Internal	2019	The matter is ongoing	R 26 250.30 plus interest at 15.5% p.a.	Not probable	R 26 250.30	46,716	40,446
R J Walker Case No. 6149/19	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2019	The matter is ongoing	R 31 266.67 plus 10,25% interest per annum.	Not probable	R 31 266.67	46,195	41,900
Rhonda Basdeo Case No. 6914/19	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2019	The matter is ongoing	R 54 566.01 plus 10% interest per annum.	Not probable	R 54 566.01	79,890	72,627
Bongani Charles Zondi Case No. 7432/19	delictual claim: Plaintiff is suing the Municipality for damage to property due to the alleged negligence of the Municipality.	Internal	Internal	2019	The matter is ongoing	R192 000.00 plus interest at 15.5% p.a.	Not Probable	R 192 000.00	341,688	295,833
Seelan Naidoo and The Msunduzi Municipality/ Devante Delvin Shaw	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2019	The matter is ongoing	R64 115.19 plus interest at 15.5% p.a.	Not probable	64 115.19	114,101	98,789
Zwelinzima Jakusja and Msunduzi Municipality Local Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2019	Settled.	R73 750 plus 10,25% interest per annum.	Not probable	0.00	0	98,832
Andre Hagen and Thulani Zakhele Dlamini/ Msunduzi Local Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2019	Settled.	R11 420.48 plus 15.5% interest per annum.	Not probable	0.00	0	17,597

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MJ Essack and Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Zuma and partners Unit 6 Innesdale 101 Innes Road Morningside Durban 4001 T: +27 (0) 31 309 1607//1784	2019	The matter is ongoing	R 91 029,10 plus 15.5% interest per annum.	Not probable	R 91 029.10	161,997	140,258
Muhammad Sheik and Msunduzi Local Municipality.	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Mdledle Incorporated Suite 201 Second Floor, 161 Pietermaritz Street, Pietermaritzburg Tel: 033 345 4022 Fax: 033 3454028	2019	The matter is ongoing	R 8 066.12 plus interest at 15.5% p.a.	Not probable	R 8 066.12	14,355	12,428
Tihago Elias Ngwanto and Msunduzi Municipality.	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2019	The matter is ongoing	R 34 405.93 plus interest at 15.5% p.a.	Not probable	R 34 405.93	61,230	53,013
Datcentre Motors (Pty) Ltd trading as CMH Datcentre Pietermaritzburg	contractual claim: The Plaintiff is suing the Municipality in respect of work allegedly done and automotive parts supplied to the Defendant.	Internal	Internal	2019	The matter is ongoing	R 212 344.06 plus interest at 15.5% p.a.	Not probable	R 212 344.06	377,892	327,179
Duanne Dominic Naidoo and Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a pothole within the jurisdiction of the Municipality.	Internal	Internal	2019	The matter is ongoing	R 11 495,50 plus 10,25% interest per annum.	Not probable	R 11 495.50	16,984	15,405
Flavour More (PTY) LTD and Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for damages that allegedly occurred from a power surge/outage as a result of the failure of the Municipality to maintain a constant supply of electricity and perform timeously	External Insurers	Internal	2019	File with External Insurers	R 949 084.85 plus interest at 15.5% p.a.	Not probable	R 949 084.85	1,689,013	1,462,349
Barend van AS and Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Mdledle Incorporated Suite 201 Second Floor, 161 Pietermaritz Street, Pietermaritzburg Tel: 033 345 4022 Fax: 033 3454028	2020	Plea Served and Filed	R 23 388.09 at 7.75% interest	Not probable	R23 388.09	29,258	0
Duncan Stewart Harrison N.O and Msunduzi Municipality	Contractual Claim	Internal	Internal	2020	Matter ongoing	R 164 552.79 plus 10,25% interest per annum.	Not probable	R 164 552.79	220,516	200,015
Suresh Gopal and Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2020	Appearance to defend has been filed.	R 36 171,00 plus interest at 15.5% p.a.	Not probable	R 36 171.00	55,732	48,253
Robyn Hemmens and Msunduzi Local Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2020	Settled.	R 9 351,14 plus interest at 15.5% p.a.	Not probable	0.00	0	12,475
Abigail Dlamini and Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Pre-trial notices have been exchanged.	R 16 584.53 plus 15.5% interest per annum.	Not probable	R 16 584.53	25,553	22,124

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Jadamei Trading and Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Appearance to defend has been filed.	R 22 678.84 plus interest at 15.5% p.a.	Not probable	R 22 678.84	34,944	30,254
Ajith Lachman and Msunduzi Local Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	File has been diarized for entering an appearance to defend.	R 15 859.09 plus interest at 15.5% p.a.	Not probable	R 15 859.09	24,436	21,156
Telkom SA SOC LTD/ Msunduzi Municipality (127 Waterwork Road-Edendale) Case No. 13903/2015	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:mail@mflaw.co.za, Adv. AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail:adickson@law.co.za	2014	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence.	R 74 803.90 plus interest at 15.5% p.a.	Not probable	R74 803.90	273,629	236,908
Farouk Jasat N.O & 3 others v Msunduzi Municipality	Delictual Claim for damages: Plaintiff's motor vehicle collided with a pothole on Scania Road intersection. Action instituted in the Magistrate's Court under case No. 2219/2015	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747, e-mail:alicia@mflaw.c o.za,	2014	Municipality is not the dominus litis, and we await enrolment of the matter by the Applicant.	R 54 588.60 plus interest at 15.5% p.a.	Not probable	R 54 588.60	199,682	172,885
Msunduzi Municipality/ The SA Incinerator Company	Delictual Claim for damages. Action instituted in the High Court, Pietermaritzburg under case number 5422/2015	Dudu Ndlovu (SCM)	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747, e-mail:mail@mflaw.co.za, Advocate H. Gani	2015	Awaiting signed and commissioned discovery affidavit from Ms Dudu-Ndlovu Gambu	R970 568.88 plus interest at 15.5% p.a. (in respect of the Defendants counterclaim for retention monies)	Not probable	R 970 568.88	3,073,847	2,661,339
Telkom SA SOC LTD/ Msunduzi Municipality (Oribi Road, Pelham) Case No. (15146/2015)	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:alicia@mflaw.c o.za, REF: 22M003128	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R75 433.42 plus interest at 15.5% p.a.	Not probable	R 75 433.42	238,902	206,842
Telkom SA SOC LTD/ Msunduzi Municipality (Eden Park Drive) Case No. 14572/2015	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:alicia@mflaw.c o.za, REF: 22M003161	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R43 262.08 plus interest at 15.5% p.a.	Not probable	R 43 262.08	137,013	118,626
Telkom SA SOC LTD/ Msunduzi Municipality (Zwartkop, Blackridge) Case No. 15793/2015	Delictual claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	K Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail:alicia@mflaw.c o.za,	2015	Applicant has requested that matter be held in abeyance, until a similar matter is heard in the Johannesburg High Court, in order for the outcome to be used as precedence	R 25 554.55 plus interest at 15.5% p.a.	Not probable	R 25 554.55	80,933	70,072
Msunduzi Municipality/Gubela Trading	Contractual claim: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	P Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	2015	Gubela Trading has made a proposal to withdraw the Application against the Municipality with each party to tender its own legal costs.	R595 337.26 plus interest at 15.5% p.a. plus costs of the application.	Not probable	R 595 337.26	1,885,467	1,632,439

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Moteko v Msunduzi Municipality	Claim for contractual damages	K. Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	2017	Action is defended but review application still be to finalised. A settlement proposal is now being considered and a consultation is to be arranged with the MM to discuss same.	Moteko Cost Consultants Claim A - R15 079 193.37 Claim B - R3 278 868.35 plus 15.5% interest per annum.	Not probable	R 18 358 061.72	43,583,162	52,526,907
Msunduzi Municipality v SBS Electrical Contractors	contractual claim: Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	2015	Matter on going	R 987 821.88 plus interest at 15.5% p.a.	Not probable	R 987 821.88	3,128,488	2,708,648
Msunduzi Municipality v Zama Traffic Signs	contractual claim: Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	2015	Matter on-going	R 752 257.23 plus interest at 15.5% p.a.	Not probable	R 752 257.23	2,382,441	2,062,720
Msunduzi Municipality v Bewton Investments (T/A Ukukhanya)	contractual claim: Claim for invoices paid by the Msunduzi Municipality for work partially done or not done at all.	PJ Mahlaba	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	2015	Matter on - going	R8 561.29 plus interest at 15.5% p.a.	Not probable	R 8 561.29	27,114	23,475
Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	M Mbokazi	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za / tmj@tmj.co.za	2018	Pleadings Closed. To proceed with Pre- Trial Processes.	R5 309 127.01 plus 10,25% interest per annum.	Not probable	R 530 9127.01	8,648,008	7,843,999
Giyani Engineering v Msunduzi Municipality	Contractual claim	K. Thaver	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za / tmj@tmj.co.za	2017	Matter referred to trial.	R1 193 005.79 plus interest at 15.5% p.a.	Not probable	R 1 193 005.79	2,832,269	2,452,181
SB Mkhize	Monetary claim	M. Mbokazi	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za / tmj@tmj.co.za	2019	Matter at pre-trial stage.	R 318 383 plus interest at 15.5% p.a.	Not Probable	R 318 383.00	566,602	490,564
Planet Waves 399/Msunduzi Municipality	delictual claim: Council withholding payment to contractor that built sludge dams.	K. Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2012	we await the Plaintiff to set matter down for trial. Alternatively, we await instruction to push the matter forward.	Planet Waves sued for R1 694 937.70 plus interest at 15.5% p.a. and Municipality countersued for R 1, 940 934.00.	Not Probable	R 1 694 937.7	8,270,953	7,160,998

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S Dewaraj v Msunduzi Municipality	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2015	The matter is at pre-trial stage.	R15 575.00 plus interest at 15.5% p.a.	Not Probable	R 15 575.00	49,327	42,707
Indo Contractors cc v Msunduzi Municipality	contractual claim: contract dispute with Contractor claiming premature termination.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2013	Parties to set up a date for arbitration. The matter has been in limbo and the Claimant is not pushing it. Thus the final outcome is still pending.	R 2 660 888.31 plus interest at 15.5% p.a..	Not probable	R 2 660 888.31	11,242,075	9,733,398
Andre Geard Ramsingh v Msunduzi Municipality	Delictual claim: The plaintiff herein is suing the Municipality for damages suffered as a result of being arrested and detained unlawfully.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2015	Matter was partly heard on 24 May 2018. Plaintiff to set matter down for trial.	R 200 000 plus interest at 15.5% p.a.	Not Probable	R 200 000.00	633,411	548,408
Sikelephi Ngubane v Msunduzi Municipality	Delictual Claim: This claim arises from plaintiff's vehicle having collided with a municipal vehicle driven by a municipal employee in the course and scope of his employment.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2014	The matter is at pre-trial stage.	R17 312.33 plus interest at 15.5 per cent per annum.	Not Probable	R 17 312.33	63,328	54,829
AJC White v Msunduzi Municipality	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2015	Plaintiff's Attorneys withdrawn as attorneys on record awaiting Plaintiff to set the matter down for Trial.	R100 000.00 plus interest at 15.5% p.a.	Not probable	R 100 000.00	316,706	274,204
Simphiwe Jonathan Zama v Msunduzi Municipality case no. 199039/12	Delictual Claim: The Plaintiff has sued the Municipality as a result of a collision involving a Municipal Vehicle and Plaintiff's vehicle	Kass Thaver	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	2012	Municipality to revert on settlement proposal.	R14 846.22 with interest rate at 15.5% p.a.	Not Probable	R 14 846.22	72,447	62,724
Telkom v Msunduzi Municipality Case No 12506/08	Delictual Claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2008	A judgement awaited before moving forward. Matter ongoing	R45 979. 87 Plus interest at 15.5 per cent per annum	Not Probable	R 45 979.87	399,298	345,713
Telkom SA LTD v Msunduzi Municipality Case No.6292/05	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2004	Awaiting judgement in another case. Matter ongoing	R22 541.11 plus interest at 15.5 per cent per annum	Not Probable	R 22 541.11	348,364	301,614
Telkom SA LTD v Msunduzi Municipality Case No.3994/06	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2006	Awaiting judgement in another case. Matter ongoing.	R13 283.82 plus interest at 15.5 per cent per annum.	Not Probable	R 13 283.82	153,892	133,240
Telkom SA LTD v Msunduzi Municipality Case No 542/06	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2006	Awaiting judgement in another case. Matter ongoing.	R 21 697.25 plus interest at 15.5 per cent per annum.	Not Probable	R 21 697.25	251,361	217,629

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Telkom SA LTD v Msunduzi Municipality Case No.16356/05	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality due to damage caused to Plaintiff's underground cables.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2005	Awaiting judgement in another case. Matter ongoing.	R34 806.17 plus interest at 15.5 per cent per annum.	Not Probable	R 34 806.17	465,728	403,227
Telkom SA LTD v Msunduzi Municipality Case No.3806/12	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2012	Awaiting judgement. Matter ongoing.	R 49 834.75 plus interest at 15.5 per cent per annum	Not Probable	R 49 834.75	243,184	210,548
Telkom SA LTD v Msunduzi Municipality Case No. 4709/13	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2013	Awaiting judgement in another case. Matter ongoing.	R 46 628.06 plus interest at 15.5 per cent per annum	Not Probable	R 46 628.06	197,000	170,563
Telkom SA LTD v Msunduzi Municipality Case 12403/07	Delictual Claim: The matter arises from a dispute wherein Telkom alleges that Municipal water pipes cause damage to their underground cables.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2013	Awaiting judgement in another case. Matter ongoing.	R34 951.26 plus interest at 15.5% p.a.	Not Probable	R 34 951.26	147,667	127,850
Telkom SA LTD v Msunduzi Municipality Case No. 7256/14	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2013	Awaiting judgement in another case. Matter ongoing.	R 40 236.47 plus interest at 15.5 per cent per annum	Not Probable	R 40 236.47	169,996	147,183
Telkom SA Limited v Msunduzi Municipality Case No.14696/13	Delictual Claim: The Plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	Kass Thaver	Lister and Lister Attorneys: Tel 033 345 4530 Fax: 033 342 7669 Physical Address 161 Pietermaritz Street, Pietermaritzburg, 3201 Postal Address: PO Box 144, Pietermaritzburg, 3200.	2013	Awaiting judgement in another case. Matter ongoing.	R34 951.26 plus interest at 15.5 per cent per annum.	Not Probable	R 34 951.26	147,667	127,850
KZN-Digi connect v Msunduzi Municipality	contractual claim: Claim by contractor for payment for IT services allegedly rendered.	Kass Thaver	Kwela Attorneys. 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116	2012	Matter in abeyance.	R505 000.00 plus interest at 15.5% p/a plus legal costs	Not probable	R 505 000.00	2,464,298	2,133,591
APS Panelbeaters (Hugo's Panel Beaters) v Msunduzi Municipality	Delictual Claim: The claim arises from a new meter that was installed at Plaintiff's premises giving inaccurate readings resulting in Plaintiff being overcharged.	Kass Thaver	Kwela Attorneys. 224 Boom Street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Tel: 033 394 8116	2015	Matter in abeyance	R 292 725.00, plus interest at 15.5% p/a plus legal costs.	Not probable	R 292 725.00	927,077	802,664
Minneesh Singh v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the municipality for damages to his motor vehicle after it collided with a pothole/uneven road surface.	Kass Thaver	Atzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235.	2015	Defence has closed its case. Magistrate requested written heads of argument based on the record of the proceedings.	R69 224 . 62 plus interest at 15.5% p.a.	Not probable	R69 224.62	219,238	189,817
3 DM contractors v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	Kass Thaver	Diedricks attorneys,90@ Roberts road, claredon, Pietermaritzburg, tel:3429808, fax:0862191672,e-mail:admin@diedricksattorneys.co.za, Adv. Flemming, Tel: 033 845 3501	2011	The matter is ongoing	R 66930.35 plus interest at 15.5% p.a.	Not Probable	R 66 930.35	377,231	326,607

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Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Kass Thaver	Diedricks attorneys,90C Roberts road, clarendon, Pietermaritzburg, tel:3429806, fax:0862191672,e-mail:admin@diedricksattorneys.co.za	2012	The matter is ongoing	R 300 000.00 plus interest at 15.5% p.a.	Not Probable	R 300 000.00	1,463,939	1,267,480
Rajendra Govender and Msunduzi Municipality	Labour Dispute (appeal and High Court application). Application for re-instatement.	KEVIN PERUMAL	Diedricks Inc. Tel: 033 342 8808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg, PO Box 50, Pietermaritzburg, 3200. Adv. Gani - Appeal. Adv. Moola- High Court Application. Advocates Chambers Block A1, 17 Prince Edward Street, PMB, 3201	2017	The matter is ongoing	Risk of R115 000. (Salary related)	Not Probable	R 115 000.00	115,000	115,000
E. G. Alexander v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2014	Matter is at a stale mater and Plaintiff must take the next step.	R 83499.16 plus interest at 15.5% p.a.	Not Probable	R 83 499.16	305,436	264,447
Kua-Siza Transporters CC V Msunduzi Municipality	Delictual claim:The Plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal employee in the course and scope of his employment.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2017	The Plea has been filed and we are waiting for the Plaintiff's Attorneys to proceed further.	R 55 532.34 plus interest at 15.5% p.a.	Not Probable	R 55 532.34	131,837	114,145
Red Alert TSS (PTY) LTD v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal Employee in the course and scope of his/ her employment.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2018	Matter is ongoing.	R 105 930.97 plus 10% interest per annum.	Not Probable	R105 930.97	170,603	155,094
Israel Sibiya v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality for an alleged unlawful arrest and detention, defamation of character as well as injuries sustained to his wrist.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	A Pre-Trial Conference has been set down for 30 August 2023.	R400 000 plus 15.5% interest per annum.	Not Probable	R 400 000.00	1,096,816	949,624
NTOMBENINGI SOKHELA	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal Employee in the course and scope of his/ her employment.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2018	Matter on going	R 19 345.83 plus interest at 15.5% p.a.	Not Probable	R 19 345.83	39,765	34,428
AMA-Grace Business Enterprises v Msunduzi Municipality	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	We are awaiting a further trial date herein.	R59 042.52 plus interest at 15.5% p.a.	Not probable	R 59 042.52	161,897	140,171
Mr Mduduzi Collen Sosibo, Mrs Sosibo	The plaintiff is suing the Municipality for a refund of rates, taxes and services owed by the previous owner of the property.	Kass Thaver	Mdledle Inc. Suite 201, Second Floor 161 Pietermaritz Street, Pietermaritzburg, 3201 Tel: 033 345 4022.	2016	This matter was removed from the roll and we are awaiting a further hearing date.	R 132 431.96 with interest calculated at 10,25% p.a.	Not probable	R 132 431.96	262,206	237,829
SAMRO and Msunduzi Municipality- Case No KZN/PMB/RC723/17	contractual claim: The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 369 337, 77	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mflaw.co.za,	2017	Settlement proposal submitted by Applicant's attorneys. As advised by legal department, settlement has been submitted to Management for consideration	R 369 337, 77 plus 10,25% interest per annum.	Not probable	R369 337.77	663,278	0
SAMRO and Msunduzi Municipality- Case No KZN/PMB/RC7295/17	contractual claim: The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 25 062.90.	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mflaw.co.za,	2017	Settlement proposal submitted by Applicant's attorneys. As advised by legal department, settlement has been submitted to Management for consideration	R 25 062.90 plus 10,25% interest per annum.	Not probable	R25 062.90	45,009	0
Hatch Africa and Msunduzi Municipality	Contractual Claim: the Plaintiff is suing for unpaid monies owing to Plaintiff for work done flowing from an alleged agreement between the parties.	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:alicia@mflaw.co.za,	2018	Settled.	R8 323 443.20. plus interest of prime plus 2% per annum.	Not probable	0.00	0	12,075,945

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Beka Schreder (Pty)Ltd/ Msunduzi Municipality	Vindictory Application - Claim for return of goods delivered/ payment	Sibusiso Mkhize	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: alicia@mflaw.co.za,	2019	Powerec and Beka entered into a settlement agreement in terms of which Msunduzi is to pay the full contract amount. The settlement agreement, which Msunduzi is not a party to, still has to be made an order of court. Matter is ongoing.	R 3 791 340 plus interest at 15.5% p.a.	Not probable	0	0	5,841,692
Makhosazane Mbanjwa v Msunduzi Municipality	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	MC Ntshahintshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email: mngcobopa@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2020	Settled.	R 29 000.00 plus interest at 7.00 per annum	Not probable	0	0	33,202
Yolanda De Langa v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Settled.	R 17 917.00 plus interest at 7.00% per annum	Not probable	0	0	20,513
Karyn Micayla Harichand v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	MC Ntshahintshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email: mngcobopa@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2020	Settled.	R 33 904.82 plus interest at 9.75% per annum	Not probable	0	0	40,839
Santosh Singh v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of Msunduzi Municipality	Internal	Internal	2020	Matter is on going	R 62 904.33 plus interest at 7.00% per annum	Not probable	R 62 904.33	77,061	72,019
Gonaselen Valautham Naidoo v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an amount of R 13 505.72 for incident wherein Plaintiff's vehicle was allegedly involved in a collision with municipal vehicle driven by a municipal employee within his course and scope of employment	Internal	Internal	2020	Matter is on going	R 13 505.72 plus interest at 7.00% per annum	Not probable	R 13 505.72	16,545	15,463
Kameel Maharaj v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for an amount of R 7 100.00 in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality.	Internal	Internal	2020	Matter is ongoing	R 7 100. 00 plus interest at 8.75% from 4 June 2020 to date of payment	Not probable	R 7 100.00	9,132	8,397
Tulisa Cables (Pty) Ltd v Msunduzi Municipality	contractual claim: The Plaintiff is suing the Municipality in respect of breach of contract to pay Plaintiff in respect of outstanding invoices	Internal	Internal	2020	Matter is ongoing	R 288 221.39 plus interest at 8.75% per annum	Probable	R 288 221.39	370,693	340,867
Sixolile Exelent Nene v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for damages allegedly suffered as a result of the negligence of Municipal employees failing to cover the water drain	External Insurers	External insurers still to confirm appointed attorneys	2020	Matter is ongoing.	R 4 921 000.00 plus interest 7.00% per annum	Not probable	R 4 921 000.00	6,028,437	5,634,053
Theresa Julia Piout v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2020	Settled.	R 11 667.76 plus interest at 7.00% per annum	Not probable	0	0	13,358
Nandha Thatayiya Naidoo v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2020	Awaiting court set down date	R 46 435.45 plus interest at 8.75% per annum	Not Probable	R 46 435.45	59,722	54,917

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Dumisani Emmanuel Radebe v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2020	defendant has filed its plea in the matter. Matter is on going	R 6 685.53 plus interest at 7.75% per annum	Not probable	R 6 685.53	8,363	7,654
Zutari (Pty) Ltd v Msunduzi Municipality	contractual claim: Plaintiffs previously known as Aurecon South Africa (Pty) Ltd who allege entered into a contract with the Municipality in 2012 under SCM 7 of 2013 for the design and contract administration for the installation of water borne sanitation in ward 10 as per the tender, allege have not been paid even after submitting an invoice	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mflaw.co.za,	2020	Matter handled by external attorneys	R 2 139 446.97 plus interest at 7.75% per annum	Not probable	R 2 139 446.97	2,676,414	2,483,911
Rajinne Erradu v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Kass Thaver		2020	Matter is ongoing	R 131 182.18 plus interest at 7.00% per annum	Not probable	R 131 182.18	160,704	150,190
Tumelo Mongali v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2020	Matter is ongoing	R 180 000.00 plus interest at 15.5% per annum	Not probable	R 180 000.00	277,344	240,125
Babonke Twetwa v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a physical altercation and an unlawful arrest by the Municipality's Road Traffic Official during the course and scope of his/ her employment	Internal	Internal	2020	Matter is on going	R 1 200 700.00 plus interest 7.00% per annum	Not probable	R 1 200 700.00	1,470,909	1,374,681
Isnon Trading (Pty) Ltd v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	K. Thaver	Mastross Inc. 393 Jabu Ndlovu Street,Pietermaritzburg,3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2020	OUR PLEA HAS BEEN AMENDED. AWAITING PLAINTIFF'S AVAILABILITY FOR AN INSPECTION IN LOCO, AND THE CONVENING OF A PRE-TRIAL CONFERENCE. Matter is ongoing	R 66 937.08 plus interest at 7.00% per annum	Not probable	R 66 937.08	82,001	76,636
Nonkululeko Masikane v Msunduzi Municipality	The Plaintiff is suing the Municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	MC Ntshaintshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email:mngcobopa@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2021	Matter is ongoing	R 34 810.78 plus interest 7.00% per annum		R 34 810.78	39,855	37,248
Thokozani Michael Mahlaba v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor vehicle collision with a municipal vehicle, allegedly driven by an employee of the Defendant, within the course and scope of his employment	Internal	Internal	2021	Matter is ongoing	R 60 654.85 plus interest at 7.75% per annum	Not probable	R 60 654.85	70,421	65,356
Rajiv Auckloo and Msunduzi Municipality / Luke Derek Johnson / Wartburg Kirchdorf School	The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Internal	Internal	2020	Defendants pleas has been filed and served .	R 87 317.55 plus 15.5% interest	Probable	R87 317.55	134,538.78	
Sanjay Arjun v Msunduzi Municipality	The Plaintiff is suing the Municipality for overpayment of municipal services	Internal	Internal	2020	Matter is ongoing	R74 738.49 plus interest at 8.75% per annum	Not probable	R74 738.49	96,124	88,390
Dr A A Khan v Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance	Internal	Internal	2021	Matter is ongoing	R 22 741.68 plus interest at 10.25% per annum	Not probable	R 22 741.68	27,643	25,073
Dashendran Govender and the Msunduzi Municipality 14051/2021	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on opposition.	R 3 395.00 AT PRESCRIBED RATE OF 7.75%	Not Probable	R3 395	3,658	3,395

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Sasha Rambulu v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	K. Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2020	THE MUNICIPALITY'S APPLICATION TO COMPEL DISCOVERY WITHIN 10 DAYS WAS GRANTED ON 23 JUNE 2023. TOGETHER WITH COSTS ON THE ATTORNEY & CLIENT SCALE. Matter is ongoing	R 39 976.39 plus interest 7.00% per annum	Not probable	R 39 976.39	48,973	45,769
Mark Francis v Msunduzi Municipality	delictual claim: The plaintiff is suing the Municipality in respect of damages whereby a storm caused trees within the jurisdictional area of the defendant to fall on overhead electricity lines. The Plaintiff is suing for subsequent electrical surge which damaged various of the Plaintiffs electrical appliances, installations and fittings	kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2021	THE PLAINTIFF'S APPLICATION TO COMPEL DELIVERY OF THE INVESTIGATION REPORT HAS BEEN ADJOURNED SINE DIE.	R85 288.00 plus interest @ 7%pa	Not probable	R85 288	97,646	91,258
Dudu Rose-Mary Khumalo v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of 2 Traffic Officers of the Msunduzi Municipality Traffic Police Department, in uniform and acting within the course and scope of their employment, harassed and assaulted the Plaintiff and the person who was driving the vehicle.	External Insurers	External insurers	2021	Matter has been handed over to external attorneys by our insurers	R 250 000.00 plus interest at 7.00% per annum a tempora morae	Not probable	R 250 000.00	286,225	267,500
Yalekile Freda Kheswa v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	Matter is ongoing	R 19 901.84 plus interest 7.00% per annum	Not probable	R 19 901.84	22,786	21,295
Liberty Group/ First Rand Bank Limited NO/ Liberty Two Degrees Limited/ Two Degrees Properties (Pty) Ltd v Msunduzi Municipality	contractual claim: The Plaintiff's are suing the Municipality in respect of an alleged breach of contract for upgrade and supply of electricity services to the Plaintiffs expansion project to the retail facilities at the Liberty Midlands Mall. The Plaintiffs are suing for refund of amount paid	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747, e-mail: mail@mflaw.co.za,	2021	Matter is on going	R 1 859 588.00 plus interest at 7.00% per annum	Not Probable	R 1 859 588.00	2,129,042	1,989,759
Marece Donnelly v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	Plea has been drafted, filed and served. Matter ongoing.	R 8 767.32 plus interest at 7.00% per annum	Not probable	R 8 767.32	10,038	9,381
Lisahlile Mavuso v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of the Plaintiff walking past a street pole adjacent to transformer number 360. Injuries caused by high voltage power line which had alleged become detached from the connection	Internal	Internal	2021	Matter is on going	R 150 00.00 plus interest 10.5% from date of services of summons	Not probable	R 150 00.00	183,154	165,750
Sonny Kulan Thangalan v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped and fell and landed on his left arm due to the unevenness of the pavement/road within the municipal boundaries of the Municipality	External Insurers	External insurers still to appoint attorneys	2021	Matter has been handed over to external attorneys by our insurers	R 550 000.00 plus interest at 7.00% per annum	Not probable	R 550 000.00	629,695	588,500
Thavandan Subramanian Marie v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Internal	Internal	2021	Discovery affidavit has been drafted, filed and served. Matter is on going	R 43 061.96 plus interest at 7.00% per annum	Not probable	R 43 061.96	49,302	46,076
Danielle Gounder v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor vehicle collision with a municipal vehicle, allegedly driven by an employee of the Defendant, within the course and scope of his employment.	Internal	Internal	2021	plea has been drafted, filed and served. Matter ongoing.	R 9 260.93 plus interest at 7.00% per annum	Not probable	R 9 260.93	10,603	9,909

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Theresa Khetlwe Mlotshwa v Msunduzi Municipality	Delictual claim whereby the Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a pot hole collision at or near Old Greytown Road, PMB which does not fall within the jurisdiction of the Municipality.	Kass Thaver	MC Ntshalinshali Manqoba Ngcobo Cell No. 076 614 4566 Physical Address: 131-133 Clark Rd, Glenwood, Durban. 4001 Postal Address: P.O. Box 217 DURBAN, 4001 Office Tel. no. 031 301 3554 email:mngcobobo@mcna.co.za or info@mcna.co.za or mngcobopa@mcna.co.za	2021	Matter is ongoing. We filed a Special Plea. The Plaintiff to attach Rule 31 Notice to explain the reason for adjournment. The Plaintiff has not set the matter down.	R 73 760.10 plus interest at 7.00% per annum	Not probable	R 73 760.10	84,448	78,923
BAFANO NDLOVU AND THE MSUNDUZI MUNICIPALITY	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle allegedly collided with a pothole, that falls under the Defendants area of Jurisdiction and maintenance.	K.Thaver		2021	settled.	R 17 754.65 plus interest at 7.00% per annum	Not probable	0	0	18,997
SELLO SIMON MABOE AND THE MSUNDUZI MUNICIPALITY	delictua claim: The Plaintiff is suing the municipality for an incident wherein the employees of the Municipality who were cutting down trees near the boundary of the Plaintiffs premises, cut a tree which fell and damaged the Plaintiffs palisade fencing together with the tennis court	Internal	Postal Address: P.O. Box 217	2021	A plea has been filed.	R 125 350 plus interest at 7.00% per annum	not probable	R 125 350	143,513	134,125
Sakhumotho Development Services vs Msunduzi Municipality	contractual claim: The Plaintiff is suing the Municipality for an alleged breach of contract wherein the Plaintiff suffered in the amount of R 2 305 360.00	Kass Thaver	Office Tel. no. 031 301 3554	2021	A plea has been filed.	R2 305 360.00. at prescribed rate AT 7.25%	Not probable	R2 305 360.00.	2,651,755	2,472,499
Thulani Eric Ntshiza and Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle hit a pothole on a public road that falls within the jurisdiction of the Municipality.	Kass Thaver	email:mngcobobo@mcna.co.za or info@mcna.co.za	2021	A plea has been filed and served on opposition.	R 64 930.48 at 7%	Not probable.	R 64 930.48	74,339	69,476
Udash Jaipal Vather and the Msunduzi Municipality 9877/2021	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	or mngcobopa@mcna.co.za	2021	A plea has been filed and served on Plaintiff.	R 27 651.77 at 10.25%	Not probable.	R 27 651.77	33,611	30,486
Patricia Anne Luckin and the Msunduzi Municipality 11070/2021	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged due to the negligent driving of a municipal employee in the course and scope of his/ her employment	Kass Thaver	Internal	2021	A summons has been received. An appearance to defend was filed and served on the Plaintiff.	R 29 019.17 at 7%	Not probable.	R 29 019.17	33,224	31,051
Surishinee Pilay and the Msunduzi Municipality 13487/2021	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly damaged due to the negligent driving of a municipal employee in the course and scope of his/ her employment	Kass Thaver	Internal	2021	A plea has been filed and served on Plaintiff.	R 24 195.31 at 7%	Not probable.	R 24 195.31	27,701	25,889
M.I.A Ganie N.O and two others v Msunduzi Municipality	plaintiffs' are suing for a refund of monies allegedly overpaid on application for a rates clearance certificate.	Kass Thaver	Internal	2021	Matter ongoing	R231 471.00 at 7%	Not probable.	R231 471	265,011	247,674
Radley Keys and the Msunduzi Municipality 13161/2021	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	MC Ntshalinshali Attorneys 131 -133 Clark Road, Glenwood. TEL: 031 301 3554	2021	Settled	R 16 033.30 at prescribed rate AT 7.75%	Not probable.	0	0	17,276
Bongiwe Andrietta Malgas, Thamsanqa A Ndlovu vs Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for an alleged that mother was run over by the Defendant's dumptruck	Kass Thaver	external insurers	2021	A plea has been filed and served on Plaintiff.	R 4, 000 000.00 at 7% interest rate	Not probable.	R 4,000 000.00	4,579,600	4,280,000
Thandiwe Beatrice Mchunu and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality for an alleged assault by Defendant's employees.	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2021	THE PLAINTIFF'S ATTORNEYS HAVE WITHDRAWN. WE SHALL SHORTLY BE COMPELLING THE PLAINTIFF TO FILE HER DISCOVERY AFFIDAVIT. AWAITING A COPY OF THE DOCKET. Matter is ongoing.	R 6, 000 000.00 at 9% interest rate	Not probable.	R 6 000 000.00	7,128,600	6,540,000
Usomandla Projects and the Msunduzi Municipality, MEC for Transport	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on Plaintiff.	R 75 484.69 at prescribed rate AT 7.75%	Not probable.	R 75 484.69	81,335	75,485

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Jithen Dursen and the Msunduzi Municipality 13669/2021	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver		2022	A plea has been filed and served on opposition	R 2 000.00 at 7%	Probable	R2 000.00	2,140	2,000
Pamella Meintjes and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on Plaintiff.	R 30 108.96 at prescribed rate at 7.75%	Not probable.	R 30 108.96	32,442	30,109
Infinity Automotive Pty Ltd and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Matter ongoing	R 12 776.42 at prescribed rate OF 7.75%	Not probable.	R 12 776.42	13,767	12,776
Stephen Richard Pons and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R 17 389.55 at prescribed rate AT 7.75%	Not probable.	R 17 389.55	18,737	17,390
Sir George-Gray Ntokozo Khumalo and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2022	At trial stage	R 66 188.24 at 7%	Not probable.	R 66 188.24	70,821	66,188
Nerika Singh and the Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Set down for trial.	R 42 474.47 at prescribed rate OF 7.75%	Not probable.	R 42 474.47	45,766	42,474
Jithen Dursen and the Msunduzi Municipality 2272/21	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed and served on opposition	R900 at 7%	Not probable.	R900	963	900
Makhosazane Ngcobo and Msunduzi Municipality	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R19 710.87 plus 7.25%	Not probable.	R19 710.87	21,140	19,711
Jabulani Tholakele Dhlamini	delictual claim: The Plaintiff is suing the Municipality for an incident wherein the Plaintiff alleges that the Municipal employees cut trees on his property without his consent or authority.	External Insurers	External insurers still to appoint attorney	2022	Matter has been handed over to external attorneys by our insurers	R 10 000000.00 plus interest at the prescribed rate OF 7.75%	Not probable	R10 000 000.00	10,775,000	10,000,000
Bongani Mwel	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfiaw.co.za, advocate AJ Dickson, 17 Prince Edward Street, Advocates' Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	2022	Pleadings have closed. In light of our special Plea Plaintiff launched an application, set down for hearing on 28 April 2022 for condonation in terms of the Legal Proceedings Act which we duly opposed. Our answering affidavit was filed on 26.4.2022 and the matter was removed from the roll due to the fact that the court file was not in order. Plaintiff/ Applicant filed its reply on 13.5.2022.	R219 671.94 plus 7.25%	probable.	R219 671.94	235,598	219,672
Yugunathan Moodley	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R12 972.00 plus 7%	Not probable.	R12 972	13,880	12,972
Khanyisile Patricia Bhengu and the Msunduzi Municipality, Hugo Plant and Civil 626 Pty Ltd	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of an injury as the Plaintiff fell on a trench dug by 2nd Defendant	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R 1850 000.00 at prescribed rate. AT 7.75%	Not probable.	R 1850 000.00	1,993,375	1,185,000

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The Mandlethu Civils Daleka Venture and the Msunduzi Municipality 5253/2022	contractual claim: A multiplicity of claims arising out of a roadworks contract for work performed to of the roadworks tender.	Kass Thaver	Mastross Inc. 393 Jabu Ndlovu Street, Pietermaritzburg, 3201. PO Box 3139, Pietermaritzburg, 3200 Docex 69. Tel (033) 394 5828. Email- Ori@mastross.co.za	2022	THE MUNICIPALITY HAS SERVED A NOTICE IN TERMS OF RULE 35(3), TO WHICH THERE HAS BEEN NO RESPONSE. ON THE INSTRUCTIONS OF THE MM, THE PARTIES ARE ATTEMPTING SETTLEMENT DIRECTLY.	R 27 000 780-88.	Not probable.	R 27 000 780 .88	27,000,781	27,000,781
Fynn's Construction & Developers cc and the Msunduzi Municipality,	The Plaintiff is suing for retention monies held by Defendant.	Kass Thaver	Internal	2022	settled.	R 555 399.12 at prescribed rate of 7.75%	Not probable.	0	0	555,399
Glenn Volmink and Msunduzi Municipality-7286/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022		R13 057.68, plus interest at the prescribed rates. 7.75%	Not probable	R13 057.68	14,069.65	
Bhekelahe Zuma and Msunduzi Municipality-5699/2022	delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Internal	2022	Defendant had filed and served its plea on Plaintiff.	R10 154.05 plus 7.25%	Not probable	R10 154.05	10,890	
Preshane Tayob and Msunduzi Municipality-8157/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Defendant has filed and served its plea on Plaintiff.	R8 157.61 plus interest at the prescribed rates. 7.75%	Not probable	R8157.61	8,790	
Thandi Mjwara and Msunduzi Municipality-10624/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Plea has been drafted, filed and served. Matter ongoing.	R26 126.25 plus 8.25%	Not probable	R26 126.25	28,282	
Sihle Jackson Mdunge and Msunduzi Municipality-8456/2022	delictual claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R26 126.25 plus 8.25%	Not Probable	R26 126.25	28,282	
Nkosinathi Zondi and Msunduzi Municipality-11413/2022	delictual claim; The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Defendant has filed and served its plea.	R44 002.86 plus interest at the prescribed rate of 7.75%	Not probable	R44 002.86	47,413	
Nonkululeko Paulamary Masikane and Msunduzi Municipality-11497/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	defendant has filed its Rule 23 notices.	R29 610.26 plus interest at the prescribed rates. 7.75%	Not probable	R29 610.26	31,905	
Angela Coles and Msunduzi Municipality-10621/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff. Matter ongoing.	R94 147.80 plus interest at the prescribed rates. 7.75%	Not probable	R94 147.80	101,444	
Emmanuel Rajah and Msunduzi Municipality-7911/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Set down for pre Trial.	R94 147.80 plus interest at the prescribed rates. 7.75%	Not probable	R94 147.80	101,444	
Alia Gani and Msunduzi Municipality-11943/2022	delictual claim: The Plaintiff is suing the Municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Internal	2022	Discovery affidavit has been drafted, filed and served on Plaintiff's attorneys.	R168 460.71 plus interest at the prescribed rates. 7.75%	Not probable	R168 460.71	181,516	
Fazail Mahomed Akoo and Msunduzi Municipality-13817/2022-Claim 01	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R9 200.00 plus interest at 7.75%	Not probable	R9 200	9,913	
Fazail Mahomed Akoo and Msunduzi Municipality-13818/2022-Claim 02	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R4 000.00 plus interest at 7.5%	Not probable	R4 000	4,300	

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Fazail Mahomed Akoo and Msunduzi Municipality-13819/2022-Claim 02	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A plea has been filed in court and served on Plaintiff.	R4 000.00 plus interest at 7.5%	Not probable	R4 000	4,300	
Rodgers Radebe Msunduzi Municipality-12592/2022	delictual claim: The Plaintiff is suing the Municipality in respect of an RDP house built on his property without providing any compensation this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R100 000.00 plus interest at 7%	Not probable	R100 000	107,000	
Bhekisisa Zuma and Msunduzi Municipality-13063/2022	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a motor collision with a Municipal vehicle this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R64 302.78 plus interest at 7.25%	Not probable	R64 302.78	68,965	
The Trustees for the time being of the GL Investment Trust and Msunduzi Municipality, Khanyisile Shoba, Mlungisi Mkhize-14881/2022P	The Plaintiff is making application against the Municipality in respect of a loss that allegedly occurred as a result of the Municipality's failure to pay refund due to a transfer this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R1 061 369.93 plus interest at 9%	Not probable	R1 061 369.93	1,156,893	
Dashandran Govender and Msunduzi Municipality-15348/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R42 604.83 plus interest at prescribed rate 7.75%	Not probable	R42 604.83	45,907	
Sunthosh Kunnen vs Msunduzi Municipality-12609/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R12 139.02 plus interest at prescribed rate 7.75%	Not probable	R12 139.02	13,080	
Stephen Hansford Anderson vs Msunduzi Municipality-17191/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R18 899.81 plus interest at prescribed rate 7.75%	Not probable	R18 899.81	20,365	
Ideal Meats PMB (Pty) Ltd t/a United Meats caseno.:14127/22P	delictual claim: The Plaintiff is suing the municipality for the loss of perishable meat stock due to an alleged power outage.	External Insurers	External Insurers	2022	Matter handed over to external Insurer.	R875 235 plus interest at 7.25%.	Not probable	R875 235	938,690	
Andrew Scott v Msunduzi Municipality-7672/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	The defendant has filed and served rule 23 notices. Matter is ongoing.	R18 800.68 prescribed rate of 7.75%	Not probable	R18 800.68	20,258	
Luyanda Zakwe case No.:16251/22P	delictual claim: The Plaintiff is suing the Municipality for damages after of an alleged electrocution of a child.	External Insurers	External Insurers	2022	Matter handed over to external Insurer.	R1 000 000 at 9% interest	Not probable	R1 000 000	1,090,000	
Taslyn Celine Joseph vs Msunduzi Municipality-KZN/PMB/RC 2321/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of an assault by Municipality's employees (Traffic department) this occurred within the jurisdiction of the Msunduzi Municipality	External Insurers	External insurers	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R250 000.00 plus interest at prescribed rate of 7.75%	Not probable	R250 000.00	269,375	

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CONTINGENT LIABILITIES AS AT 30 JUNE 2023										
MATTER ID	DESCRIPTION	INSTRUCTING OFFICIAL	ATTORNEY/ADVO CATE	YEAR INITIATED	CURRENT STATUS/ PROGRESS	QUANTUM	PROBABILITY OF OUTFLOW	AMOUNT	2022/2023	2021/2022
Akshay Jungbahadur vs Msunduzi Municipality- KZN/PMB/RC 2323/2022	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of an assault by Municipality's employees (Traffic department) this occurred within the jurisdiction of the Msunduzi Municipality	External Insurers	External insurers	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R250 000.00 plus interest at prescribed rate of 7.75%	Not probable	R250 000.00	269,375	
Patrica Mntambo	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Defendant has drafted, filed and served its discovery affidavit.	R 13 478.15 plus interest at prescribed rate of 7.75%	Not probable	R13 478.15	14,523	
Louise Kempen vs Msunduzi Municipality-111/2023	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff. Plaintiff has not taken the matter further and has not filed a rule 21 notice.	R104 743.09 plus interest at prescribed rate of 7.75%	Not probable	R104 743.09	112,861	
Priscilla Jabulle Ndlovu vs Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Defendant has filed its discovery affidavit. Matter is ongoing.	R36 850.53 Interest rate 7.75	Not probable	R36 850.53	39,706	
Sandle Khumalo v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of an RDP house built on his property without providing any compensation this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	Pelea has been drafted, filed and served. Matter ongoing.	R400 000.00 plus interest at 10% rate.	Not probable	R400 000.00	440,000	
Thandukwazi Mkhize v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a pothole this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2022	A notice of intention to defend has been filed in court and served on Plaintiff.	R33 821.40 plus interest at prescribed rate of 7.75%	Not probable	R33 821.40	36,443	
Muthusamy Naidoo v Msunduzi Municipality	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a plaintiff falling into a manhole, this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2023	A notice of intention to defend has been filed in court and served on Plaintiff.	R500 000.00 plus interest at prescribed rate of 10.5%.	Not probable	R500 000.00	500,000	
CYRIL PHUMLANI MHLONGO	Delictual claim: DAMAGES TO PLAINTIFF'S RESIDENCE ARISING FROM THE ALLEGED NEGLIGENCE OF THE MSUNDUZI'S DRIVER.	KASS THAYER	M K ORI, MASTROSS INC.	2022	BOTH PARTIES HAVE DISCOVERED. AWAITING THE CONVENING OF A PRE-TRIAL CONFERENCE. Matter is	R 34 428-00 interest at prescribed rate of 7.75%	NOT PROBABLE.	R 34 428-00	37,096.17	
Dark Fibre Africa (pty) LTD v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred to the plaintiff's fibre optic cables.	Kass Thaver	Internal	2023	The notice of intention to defend has been drafted, filed in court and it is about to be served on plaintiff.	R75 223.39 plus interest at prescribed rate of 7.75%.	Not probale	R75 223.39	75,223.39	
Dark Fibre Africa (pty) LTD v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred to the plaintiff's fibre optic cables.	Kass Thaver	Internal	2023	The notice of intention to defend has been drafted, filed in court and it is about to be served on plaintiff.	R90 005.51 plus interest at prescribed rate of 7.75%.	Not probale	R90 005.51	90,005.51	
Kamaladevi Shek Ameer v Msunduzi Municipality	The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a vehicle that is owned by the Msunduzi Municipality .	External	External	2023	A Notice of intention filed and served.	R 126 285.59 interest at prescribed rate of 7.75%.	Not probable	R 126 285.59	126,285.59	
Udash Jaipa; Vather v Msunduzi Municipality 4917/2023	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with the pothole situated within the jurisdiction of the Msunduzi Municipality .	Internal	Internal	2023	A Notice of intention to defend is filed and served.	R 17 442.00 interest at prescribed rate of 7.75%.	Not probable	R 17 442.00	17,442.00	
Vanithan Moodley v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with the pothole situated within the jurisdiction of the Msunduzi Municipality .	Internal	Internal	2023	A Notice of intention to defend filed and served.	R 20 779.50 interest at prescribed rate of 7.75%.	Not probable	R 20 779.50	20,779.50	

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Emmanuel Phoswa v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with the pothole situated within the jurisdiction of the Msunduzi Municipality .	Internal	Internal	2023	A Notice of intention to defend filed and served.	R 20 625.00 interest at prescribed rate of 7.75%.	Not probable	R 20 625.00	20,625.00	
Ali Asgar v Msunduzi Municipality	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that occurred to Plaintiff's vehicle as a result of a burst water pipe gushing water into the road.	Kass Thaver	Internal	2023	The notice of intention to defend filed in court and served	R16 312.01interest at prescribed rate of 7.75%	Not probale	R16 312.01	16,312.01	
Adhir Baboolal v Msunduzi Municipality	Delictual claim: The Plaintiff is suing the municipality for an incident wherein Plaintiff's vehicle was allegedly involved in a collision with a Municipal vehicle driven by a Municipal Employee in the course and scope of his/ her employment	Kass Thaver	Internal	2023	Notice of appearance to defend filed in court and served on the Plaintiffs attorney.	R44 884.50 interest at prescribed rate of 7.75%	Not probale	R44 884.50	44,884.50	
Zamanguni Thenjwayo v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that occurred to Plaintiff's vehicle as a result of a Plaintiff's vehicle colliding with a Pothole and this occurred within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Internal	2023	Notice of appearance to defend filed in court and served on the Plaintiffs attorney.	R18 929.05 interest at prescribed rate of 7.75%	Not probale	R18 929.05	18,929.05	
Deenadayalan v Msunduzi Municipality	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that occurred to Plaintiff's vehicle as a result of a Plaintiff's vehicle colliding with a Pothole and this occurred within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Internal	2023	Notice of appearance to defend filed in court and served on the Plaintiffs attorney.	R2 588 488.00 interest at prescribed rate of 7.75%.	Not probale	R2 588 488.00	2,588,488.00	
Phelo Mdingi v Msunduzi Municipality	delictual claim: The Plaintiff is suing the Municipality in respect of damages that occurred to Plaintiff's vehicle as a result of a Plaintiff's vehicle colliding with a Pothole and this occurred within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Internal	2023	Notice of appearance to defend , filed in court and served on the Plaintiffs attorney.	R26 546.14 interest at prescribed rate of 7.75%	Not probable	R26 546.14	26,546.14	
Londwe Thusi v The executive mayor of Msunduzi, Local Municipality, The Municipal Manager of Msunduzi Local Municipality.	delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a plaintiff strumbled into a trench on a pavement, this occurred within the jurisdiction of the Msunduzi Municipality	Kass Thaver	Internal	2023	Notice of appearance defend drafted, filed in court and served on the Plaintiffs attorney.	R400 000 interest at prescribed rate of 7.75%	Not probable	R400 000.00	400,000.00	
Sipho Nzimande v The Municipality	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that allegedly occurred as a result of a collision with a vehicle that is owned by the Msunduzi Municipality .	Kass Thaver	Internal	2023	Notice of appearance to defend has been drafted, filed in court and served on the Plaintiffs attorney.	R42 101.63 plus interest at the rate of 7.25% per annum	Not probable	R42 101.63	42,101.63	
Ajith Lachman and Msunduzi Municipality	Delictual claim: The Plaintiff is suing the Municipality in respect of damages that occurred to Plaintiff's vehicle as a result of a Plaintiff's vehicle colliding with a Pothole and this occurred within the jurisdiction of the Msunduzi Municipality.	Kass Thaver	Internal	2023	Plea has been drafted, filed and served. Matter ongoing.	R47 561.72 interest at prescribed rate of 7.75%	Not probale	R47 561.72	47,561.72	
Pranesh Indrajith N.O v Msunduzi Municipality	The Plaintiff is suing the municipality for rates clearance certificate so that the old municipal accout would close and the plaintiff would be refunded the residual amount.	Kass Thaver	Internal	2023	Notice of appearance to defend has been drafted, filed in court and served on the Plaintiffs attorney.	R5 238.20. plus interest at the rate of 7.25% per annum.	Not probable	R5 238.20	5,238.20	
									243,136,791	242,737,174