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Department:

Treasury

**PROVINCE OF KWAZULU-NATAL**

# **CONSOLIDATED MUNICIPAL BUDGETS PERFORMANCE REPORT**

## **4th Quarter Review**

## **2021/22**

**MFQR: 30 June 2022**

Compiled by: The KwaZulu-Natal (KZN) Provincial Treasury

## Data Source and Reliability

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*This report uses data reported by municipalities by the 10<sup>th</sup> working day of the month, as required in Section 71(1) of the MFMA. The report has been compiled based on information provided by the municipalities in the form of mSCOA data strings, Financial Management Reports (FMR) and other budget performance information for the financial period ended 30 June 2022 from the NT LG Database. Therefore, any queries on the budget, revenue or expenditure figures reflected in the report must be referred to the relevant Municipal Manager or Chief Financial Officer. The quality of the report depends on the reliability and credibility of the information and figures submitted by the municipalities. It is noted that certain municipalities experience challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the submitted data strings as well as inaccuracies in the financial information related to misalignment, cash flow and balance sheet budgeting.*

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## Methodology and Approach

The methodology and approach used for the compilation of this report included the following:

The data for the analysis used in this report was extracted from the NT LG Database as reported by municipalities for the financial quarter ended 30 June 2022. The non-delegated municipalities, namely, the eThekweni Metro and the Msunduzi and uMhlathuze Local Municipalities are included in the report. By the time of extracting the fourth quarter financial information from the NT LG Database on 20 July 2022, some municipalities may not have corrected the errors in their monthly MFMA Section 71 performance data strings and uMkhanyakude District Municipality did not submit their Month 12 MFMA Section 71 data strings due to challenges with their server. Such errors may have distorted the reporting of the budget performance as at the end of the fourth quarter for the respective municipalities, the district totals and the aggregated provincial total.

All municipalities should have generated and spent their entire 2021/22 Adjusted Budgets as at the end of the fourth quarter of the 2021/22 financial year.

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# 1. Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KZN as at the end of the fourth quarter of the 2021/22 financial year ended 30 June 2022.

The consolidated statement provides the in-year financial performance of municipalities against their budgeted revenue and expenditure. It includes the operating and capital budget performances as well as the debtors, creditors and conditional grant reporting requirements.

Assessing the expenditure performance of municipalities assists in serving as a control and management tool and serves as an early warning signal for identifying financial problems.

This is the third financial year that the report is prepared using the figures from the mSCOA data strings. The mSCOA Regulations were promulgated on 22 April 2014 and prescribed the uniform recording and classification of the municipal budget and financial information at a transaction level. The mSCOA Regulations require that municipalities upload their budget and financial information in a data string format to the Local Government portal across the six mSCOA regulated segments. The quarterly report has been prepared using the mSCOA data strings submitted by the municipalities, however the credibility of the information contained in the data strings is of concern. At the core of the challenge are the following:

- The incorrect use of the mSCOA segments and municipal accounting practices by municipalities;
- A number of municipalities are not budgeting, transacting and reporting directly in/from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheets and then import the excel spreadsheets into their financial system; and
- Municipalities are not locking their Approved Budgets annually on their financial systems. Furthermore, their financial systems are not being locked at month-end to ensure prudent financial management.

According to National Treasury, Msunduzi Local Municipality has been experiencing challenges with their Financial Management System service provider which triggered non-compliance with mSCOA implementation and reporting. They have advised that the service provider did not meet the Service Level Agreement provisions and legal action was taken against the system vendor. The final outcome of the legal proceedings was to terminate their service. As a result, the municipality is having challenges with budgeting, transacting and reporting and the mSCOA challenges are impacting on the quality and credibility of the information submitted.

As from Quarter 3 of 2021/22 financial year, the municipality has been submitting data strings with errors as a result not being fully mSCOA compliant. The municipality manually input the data strings to ensure submission to the portal as the function is not available in the financial system. In addition, the municipality does not lock the financial system before submission to National Treasury, which is in contravention of Treasury regulations on mSCOA. This has resulted in multiple resubmissions in an attempt to correct various errors such as the bad debts write-off. National Treasury has requested the municipality to resuscitate their mSCOA Steering Committee and technical meeting while the discussions on the way forward regarding the Financial Management System are underway.

## Legislative Framework

In terms of Section 71(7) of the MFMA, *the Provincial Treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for Finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.*

## 2. District Overview

### 2.1 Operating Revenue

**Table 1: Operating Revenue per source and per district as at the end of Quarter 4 – 2021/22**

| R'000          | Original Budget   | Adjusted Budget   | Unaudited Actual  | % Generated  | Detail            |                     |                  |                    |   |                   |                            |
|----------------|-------------------|-------------------|-------------------|--------------|-------------------|---------------------|------------------|--------------------|---|-------------------|----------------------------|
|                |                   |                   |                   |              | Property rates    | Service charges     |                  |                    | Transfers recognised - operational <sup>2</sup> | Other own revenue | Other revenue <sup>3</sup> |
|                |                   |                   |                   |              |                   | Electricity revenue | Water revenue    | Other <sup>1</sup> |   |                   |                            |
| eThekwini      | 43 656 807        | 43 357 192        | 41 305 958        | 95.3         | 9 948 072         | 14 910 070          | 5 236 765        | 2 018 001          | 4 085 541                                       | 3 625 634         | 1 481 876                  |
| Ugu            | 3 029 047         | 2 941 445         | 2 785 532         | 94.7         | 588 428           | 193 145             | 335 215          | 175 905            | 1 247 694                                       | 76 744            | 168 400                    |
| uMgungundlovu  | 8 545 493         | 8 653 453         | 16 625 181        | 192.1        | 3 289 402         | 6 154 591           | 2 176 979        | 607 378            | 3 448 859                                       | 245 428           | 702 544                    |
| uThukela       | 2 863 154         | 2 738 986         | 2 642 491         | 96.5         | 355 537           | 667 891             | 210 007          | 57 575             | 1 135 590                                       | 80 305            | 135 586                    |
| uMzinyathi     | 1 697 702         | 1 735 545         | 1 662 770         | 95.8         | 146 509           | 227 483             | 76 611           | 44 300             | 951 694   | 68 655            | 147 519                    |
| Amajuba        | 2 705 264         | 2 877 862         | 2 727 520         | 94.8         | 402 048           | 719 511             | 213 387          | 227 926            | 1 103 606                                       | 13 926            | 47 115                     |
| Zululand       | 2 325 643         | 2 407 915         | 2 191 228         | 91.0         | 293 334           | 336 970             | 84 236           | 91 506             | 1 305 471                                       | 4 351             | 75 360                     |
| uMkhanyakude   | 1 580 414         | 1 599 327         | 1 475 713         | 92.3         | 133 220           | 3 591               | 27 044           | 12 651             | 1 227 239                                       | 5 588             | 66 380                     |
| King Cetshwayo | 5 596 871         | 5 927 382         | 5 579 094         | 94.1         | 735 382           | 1 668 288           | 546 308          | 269 360            | 1 696 131                                       | 48 456            | 615 168                    |
| iLembe         | 3 781 659         | 3 808 761         | 3 559 578         | 93.5         | 636 470           | 973 573             | 209 461          | 155 677            | 1 320 562                                       | 50 993            | 212 842                    |
| Harry Gwala    | 1 503 909         | 1 549 743         | 1 570 796         | 101.4        | 198 074           | 172 193             | 49 346           | 44 517             | 1 022 609                                       | 3 671             | 80 386                     |
| <b>Total</b>   | <b>77 285 963</b> | <b>77 597 611</b> | <b>82 125 861</b> | <b>105.8</b> | <b>16 726 475</b> | <b>26 027 306</b>   | <b>9 165 359</b> | <b>3 704 797</b>   | <b>18 544 997</b>                               | <b>4 223 751</b>  | <b>3 733 176</b>           |

Source: NT Igdatabase, downloaded 20 July 2022.

1 Include Service charges revenue for Sanitation and Refuse.

2 Include Equitable Share, Financial Management Grant, Expanded Public Works Programme Integrated Grant, Provincial Operating Grant, 5% portion of Municipal Infrastructure Grant

3 Include Rental of facilities and equipment, Interest earned on external investments & outstanding debtors, Dividends received, Fines, penalties and forfeits, Licences and permits, Agency services and Gains.

- In aggregate, municipalities in KwaZulu-Natal generated *Operating revenue* amounting to R82.1 billion or 105.8 percent of the Adjusted Budget of R77.6 billion as at the end of June 2022 which is above the expected straight-line projection of 100 percent at the end of the fourth quarter of the 2021/22 financial year.
- The eThekwini Metro with R41.3 billion or 50.3 percent contributed the most towards the total *Operating revenue* of R82.1 billion followed by the uMgungundlovu District with R16.6 billion or 20.2 percent. The over-performance in the uMgungundlovu District is primarily attributed to the Msunduzi Local Municipality having reported R14.6 billion or 225.6 percent against their Adjusted Budget of R6.5 billion as at the fourth quarter of the 2021/22 financial year due to incorrect reporting by the municipality. The error has also distorted the provincial average as at the end of quarter four of the 2021/22 financial year.
- The King Cetshwayo District contributed R5.6 billion or 6.8 percent towards the total *Operating revenue* of R82.1 billion, which can be attributed to the uMhlathuze Local Municipality having reported R3.9 billion or 69.2 percent of the total revenue reported by the district.
- The uMkhanyakude District with R1.5 billion or 1.8 percent contributed the least towards the total *Operating revenue*. This is due to the uMkhanyakude District having lowest Adjusted Budget of R1.6 billion which equates to 2.2 percent of the Total Adjusted Budget of R77.6 billion. It should however be noted that municipalities in the uMkhanyakude District reported to have generated 92.3 percent of their Adjusted Budgets of R1.6 billion as at 30 June 2022.
- The *Service charges – electricity* revenue line item contributed the most towards *Operating revenue* as R26 billion or 31.7 percent was generated as at the end of the fourth quarter of the 2021/22 financial year. This was followed by *Transfers and subsidies* recognised of R18.5 billion or 22.6 percent as at the end of the 2021/22 financial year. *Service charges – other* revenue of R3.7 billion or 4.5 percent contributed the least towards *Operating revenue* generated which is made up of *Service charges – sanitation* and *Service charges – refuse*.
- Out of 54 municipalities in KZN, 40 municipalities reflected that they are grant dependent as their own revenue generated is less than 50 percent of their total *Operating revenue* Adjusted Budget for the 2021/22 financial year.

## 2.2 Operating Expenditure

**Table 2: Operating Expenditure per item and per district as at the end of Quarter 4 – 2021/22**

| R'000          | Original Budget   | Adjusted Budget   | Unaudited Actual  | % Spent      | Detail                 |                       |                  |                                   |                  |                   |                     |                   |                    |
|----------------|-------------------|-------------------|-------------------|--------------|------------------------|-----------------------|------------------|-----------------------------------|------------------|-------------------|---------------------|-------------------|--------------------|
|                |                   |                   |                   |              | Employee related costs | Remun. of councillors | Debt impairment  | Depreciation and asset impairment | Finance charges  | Bulk purchases    | Contracted services | Other expenditure | Other <sup>1</sup> |
| eThekwini      | 43 488 681        | 43 356 553        | 39 692 438        | 91.5         | 11 551 821             | 129 485               | (65 308)         | 2 578 558                         | 866 362          | 12 055 498        | 4 734 308           | 1 990 395         | 5 851 318          |
| Ugu            | 3 264 771         | 3 275 894         | 2 918 095         | 89.1         | 1 133 550              | 75 857                | 28 499           | 344 036                           | 20 968           | 148 104           | 555 817             | 430 055           | 181 208            |
| uMgungundlovu  | 8 167 507         | 8 391 552         | 16 675 188        | 198.7        | 4 224 124              | 172 066               | 1 018 376        | 1 111 230                         | 99 900           | 5 407 980         | 1 771 283           | 489 231           | 2 380 998          |
| uThukela       | 2 933 833         | 3 007 889         | 2 385 361         | 79.3         | 994 679                | 54 225                | 3 160            | 145 868                           | 1 320            | 482 486           | 352 271             | 267 325           | 84 027             |
| uMzinyathi     | 1 793 214         | 1 926 549         | 1 860 501         | 96.6         | 519 121                | 33 037                | 9 273            | 122 023                           | 969              | 182 850           | 310 756             | 248 694           | 433 779            |
| Amajuba        | 3 005 701         | 3 116 304         | 2 703 926         | 86.8         | 758 813                | 42 019                | 24 532           | 362 274                           | 44 328           | 473 727           | 680 754             | 160 649           | 156 829            |
| Zululand       | 2 295 548         | 2 485 253         | 2 372 022         | 95.4         | 850 859                | 73 767                | 11 649           | 154 277                           | 2 951            | 375 757           | 540 742             | 261 887           | 100 132            |
| uMkhanyakude   | 1 521 954         | 1 639 222         | 1 353 403         | 82.6         | 548 941                | 60 811                | 32 657           | 124 744                           | 1 537            | 21 161            | 195 201             | 248 885           | 119 467            |
| King Cetshwayo | 5 899 564         | 6 361 956         | 6 072 824         | 95.5         | 1 577 730              | 91 472                | 143 562          | 595 867                           | 67 853           | 1 238 189         | 809 396             | 569 730           | 979 025            |
| iLembe         | 3 809 686         | 3 843 693         | 3 333 318         | 86.7         | 926 577                | 66 465                | 47 083           | 274 536                           | 24 013           | 882 005           | 544 668             | 313 132           | 254 839            |
| Harry Gwala    | 1 748 075         | 1 808 359         | 1 578 451         | 87.3         | 645 502                | 53 542                | 20 253           | 191 155                           | 299              | 117 541           | 274 367             | 195 891           | 79 900             |
| <b>Total</b>   | <b>77 928 535</b> | <b>79 213 225</b> | <b>80 945 527</b> | <b>102.2</b> | <b>23 731 717</b>      | <b>852 747</b>        | <b>1 273 737</b> | <b>6 004 569</b>                  | <b>1 130 500</b> | <b>21 385 297</b> | <b>10 769 562</b>   | <b>5 175 874</b>  | <b>10 621 523</b>  |

Source: NT Igdatabase, downloaded 20 July 2022.

1 Include Inventory consumed, Transfers and subsidies and Losses.

- In aggregate, municipalities in KwaZulu-Natal incurred *Operating expenditure* amounting to R80.9 billion or 102.2 percent of the Adjusted Budget of R79.2 billion as at the end of June 2022 which is above the expected straight-line projection of 100 percent at the end of the fourth quarter of the 2021/22 financial year.
- The eThekwini Metro with R39.7 billion or 49 percent contributed the most towards the total *Operating expenditure* of R80.9 billion followed by the uMgungundlovu District with R16.7 billion or 20.6 percent. The high spending incurred in the uMgungundlovu District is primarily attributed to the Msunduzi Local Municipality having reported R14.6 billion or 234.7 percent against the Adjusted Budget of R6.2 billion as at the end of the fourth quarter of the 2021/22 financial year due to incorrect reporting by the municipality. The error has also distorted the provincial average as at the end of quarter four of the 2021/22 financial year.
- The King Cetshwayo District contributed R6.1 billion or 7.5 percent towards the total *Operating expenditure* of R80.9 billion which can be attributed to the uMhlathuze Local Municipality having reported R4.1 billion or 67.9 percent of the total expenditure reported by the district.
- The uMkhanyakude District with R1.4 billion or 1.7 percent contributed the least to the total Operating expenditure of R80.9 billion which is mainly due to the uMkhanyakude District having the lowest Operating expenditure Adjusted Budget of R1.6 billion which equates to 2.1 percent of the total Adjusted Budget of R79.2 billion.
- The *Employee related costs* line item contributed the most towards the total *Operating expenditure* as R23.7 billion or 29.3 percent was spent as at the end of the fourth quarter of the 2021/22 financial year. *Employee related costs* is a material component of the cost of delivering services to the communities served by municipalities. *Remuneration of councillors* of R852.7 million or 1.1 percent contributed the least towards the total *Operating expenditure*.
- *Operating expenditure* continue to be driven by *Bulk purchases* and *Contracted Services* as these line items contributed R21.4 billion or 26.4 percent and R10.8 billion or 13.3 percent respectively towards the total *Operating expenditure*.

## 2.3 Capital Revenue

**Table 3: Capital Revenue (Source of Finance) per district as at the end of Quarter 4 – 2021/22**

| R'000          | Original Budget   | Adjusted Budget   | Unaudited Actual  | % Generated  | Detail                                      |                  |                            |                             |
|----------------|-------------------|-------------------|-------------------|--------------|---|------------------|----------------------------|-----------------------------|
|                |                   |                   |                   |              | Transfers recognised - capital <sup>1</sup> | Borrowing        | Internally generated funds | Public contr. and donations |
| eThekweni      | 5 321 542         | 5 328 607         | 3 052 440         | 57.3         | 2 442 477                                   | 738 552          | (128 589)                  | -                           |
| Ugu            | 641 763           | 721 258           | 609 633           | 84.5         | 496 823                                     | 5 689            | 107 121                    | -                           |
| uMgungundlovu  | 928 584           | 1 131 533         | 6 825 371         | 603.2        | 5 616 661                                   | 130 718          | 1 077 992                  | -                           |
| uThukela       | 444 802           | 485 611           | 414 335           | 85.3         | 380 418                                     | -                | 33 917                     | -                           |
| uMzinyathi     | 515 720           | 567 271           | 425 634           | 75.0         | 361 964                                     | -                | 63 670                     | -                           |
| Amajuba        | 259 806           | 491 662           | 290 419           | 59.1         | 221 572                                     | -                | 68 848                     | -                           |
| Zululand       | 808 301           | 791 501           | 598 189           | 75.6         | 573 783                                     | -                | 24 407                     | -                           |
| uMkhanyakude   | 459 414           | 502 474           | 209 455           | 41.7         | 202 701                                     | -                | 6 755                      | -                           |
| King Cetshwayo | 1 262 848         | 1 325 647         | 1 003 326         | 75.7         | 500 924                                     | 277 436          | 224 966                    | -                           |
| iLembe         | 746 956           | 798 107           | 680 842           | 85.3         | 420 629                                     | -                | 260 212                    | -                           |
| Harry Gwala    | 663 542           | 744 158           | 621 734           | 83.5         | 513 891                                     | -                | 107 843                    | -                           |
| <b>Total</b>   | <b>12 053 278</b> | <b>12 887 830</b> | <b>14 731 378</b> | <b>114.3</b> | <b>11 731 842</b>                           | <b>1 152 395</b> | <b>1 847 141</b>           | <b>-</b>                    |

Source: NT Igdatabase, downloaded 20 July 2022.

<sup>1</sup> Include National Government, Provincial Government, District Municipality and Other transfers and grants.

- Municipalities in KwaZulu-Natal generated *Capital revenue* amounting to R14.7 billion or 114.3 percent of the Adjusted Budget of R12.9 billion at an aggregate level to fund their *Capital expenditure* as at the end of June 2022 which is above the expected straight-line projection of 100 percent at the end of the fourth quarter of the 2021/22 financial year.
- The uMgungundlovu District with R6.8 billion or 46.3 percent contributed the most to the total *Capital revenue* of R14.7 billion. The high *Capital revenue* reported by the uMgungundlovu District was mainly attributed to the Msunduzi Local Municipality incorrectly reporting R6.4 billion or 974 percent against their Adjusted Budget of R655.2 million as at the end of the fourth quarter of the 2021/22 financial year. The error has also distorted the provincial average as at the end of quarter four of the 2021/22 financial year.
- The eThekweni Metro was the second highest contributor towards the total *Capital revenue* with R3.1 billion or 20.7 percent, followed by the King Cetshwayo District with R1 billion or 6.8 percent.
- The uMkhanyakude District with R209.4 million or 1.4 percent contributed the least towards the total *Capital revenue* of R14.7 billion. The low generation of revenue in the uMkhanyakude District was mainly attributed to the uMkhanyakude District Municipality reporting only R63.2 million or 21.4 percent against the Adjusted Budget of R295.6 million.
- The reason for the low generation of *Capital revenue* by the uMkhanyakude District Municipality is mainly attributable to the delay in the approval of the 2021/22 Original Budget which had a negative impact on the implementation of the Capital budget, hence lower *Capital revenue* recognised. Furthermore, the Municipal Infrastructure Grant (MIG) of R64 million and Water Services Infrastructure Grant (WSIG) of R40 million were stopped by National Treasury due to under spending by the municipality.
- The reason for the low generation of *Capital revenue* by the uMkhanyakude District Municipality is mainly attributable to the delay in the approval of the 2021/22 Original Budget which had a negative impact on the implementation of the Capital budget resulting in delays in the procurement processes as well as the municipality not submitting the Month 12 data strings due to challenges with the municipal server.
- The highest contributor towards the total *Capital revenue* as at the end of the fourth quarter of the 2021/22 financial year was *Transfers recognised – capital* at R11.7 billion or 79.7 percent followed by *Internally generated funds* at R1.8 billion or 12.5 percent. It should be noted that the high *Transfers recognised – capital* reported of R11.7 billion was due to the Msunduzi Local Municipality incorrectly reporting R5.2 billion against an Adjusted Budget of R429.7 million. The *Borrowing* of R1.2 billion or 7.8 percent contributed the least towards the total *Capital revenue* as at the end of the 2021/22 financial year.

## 2.4 Capital Expenditure

**Table 4: Capital Expenditure per item and per district as at the end of Quarter 4 – 2021/22**

| R'000          | Original Budget   | Adjusted Budget   | Unaudited Actual  | % Spent      | Detail                             |                             |              |                    |                                     |                    |                  |                            |               |               |
|----------------|-------------------|-------------------|-------------------|--------------|------------------------------------|-----------------------------|--------------|--------------------|-------------------------------------|--------------------|------------------|----------------------------|---------------|---------------|
|                |                   |                   |                   |              | Governance and Admin. <sup>1</sup> | Community and Public Safety |              |                    | Economic and Environmental Services |                    | Trading Services |                            |               | Other         |
|                |                   |                   |                   |              |                                    | Housing                     | Health       | Other <sup>2</sup> | Road Transport                      | Other <sup>3</sup> | Electricity      | Water and Waste Water Mgt. | Waste Mgt     |               |
| eThekweni      | 5 321 542         | 5 328 607         | 3 052 420         | 57.3         | 334 486                            | 140 708                     | 5 121        | 215 749            | 1 668 457                           | (521 738)          | 537 122          | 603 892                    | 29 842        | 38 781        |
| Ugu            | 641 903           | 721 518           | 609 854           | 84.5         | 50 212                             | 115                         | -            | 54 300             | 130 586                             | 98 758             | 10 126           | 259 223                    | 3 427         | 3 107         |
| uMgungundlovu  | 928 584           | 1 099 634         | 7 210 723         | 655.7        | 471 966                            | (175 964)                   | -            | 471 939            | 2 881 138                           | 35 623             | 2 292 866        | 1 224 734                  | 8 149         | 273           |
| uThukela       | 444 802           | 485 611           | 416 265           | 85.7         | 6 781                              | 319                         | -            | 23 953             | 32 451                              | 117 940            | 9 035            | 221 892                    | 3 814         | 81            |
| uMzinyathi     | 515 720           | 568 733           | 426 676           | 75.0         | 15 736                             | -                           | -            | 40 113             | 89 948                              | 11 019             | 33 815           | 233 821                    | 2 224         | -             |
| Amajuba        | 259 896           | 491 662           | 291 414           | 59.3         | 19 042                             | 404                         | -            | 6 484              | 42 064                              | 62 578             | 5 564            | 153 982                    | 1 295         | -             |
| Zululand       | 808 301           | 791 501           | 600 379           | 75.9         | 12 984                             | 130                         | -            | 54 259             | 82 063                              | 24 526             | 20 461           | 401 416                    | 4 539         | -             |
| uMkhanyakude   | 459 814           | 503 043           | 238 846           | 47.5         | 16 159                             | -                           | -            | 54 114             | 72 919                              | 30 461             | -                | 63 738                     | 1 216         | 239           |
| King Cetshwayo | 1 262 848         | 1 325 647         | 1 003 900         | 75.7         | 78 316                             | -                           | -            | 77 679             | 197 604                             | 11 256             | 146 569          | 469 432                    | 23 045        | -             |
| iLembe         | 746 956           | 798 107           | 683 693           | 85.7         | 38 253                             | 1 419                       | -            | 56 289             | 183 045                             | 45 744             | 83 863           | 268 876                    | 6 203         | -             |
| Harry Gwala    | 663 542           | 744 158           | 621 734           | 83.5         | 14 514                             | 47 192                      | -            | 37 534             | 95 967                              | 71 098             | 41 386           | 308 481                    | 5 561         | -             |
| <b>Total</b>   | <b>12 053 908</b> | <b>12 858 223</b> | <b>15 155 903</b> | <b>117.9</b> | <b>1 058 449</b>                   | <b>14 323</b>               | <b>5 121</b> | <b>1 092 413</b>   | <b>5 476 242</b>                    | <b>(12 734)</b>    | <b>3 180 807</b> | <b>4 209 487</b>           | <b>89 314</b> | <b>42 481</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

1 Include Executive & Council, Finance and administration and Internal audit.

2 Include Community & Social Services, Sports and Recreation and Public Safety.

3 Include Planning and development and Environmental protection.

- Municipalities in KwaZulu-Natal incurred *Capital expenditure* amounting to R15.2 billion or 117.9 percent in aggregate against the Adjusted Budget of R12.9 billion as at the end of June 2022 which is above the expected straight-line projection of 100 percent at the end of the fourth quarter of the 2021/22 financial year.
- The uMgungundlovu District with R7.2 billion or 47.6 percent contributed the most towards the total *Capital expenditure* of R15.2 billion. The high *Capital expenditure* reported by the uMgungundlovu District was mainly attributed to the Msunduzi Local Municipality incorrectly reporting R6.7 billion or 1029.4 percent against their Adjusted Budget of R655.2 million as at the end of the fourth quarter of the 2021/22 financial year. The error has also distorted the provincial average as at the end of quarter four of the 2021/22 financial year.
- The eThekweni Metro contributed the second highest towards the total *Capital expenditure* with R3.1 billion or 20.1 percent whilst the uMkhanyakude District reported the least *Capital expenditure* of R238.8 million or 1.6 percent. The low *Capital expenditure* in the uMkhanyakude District was mainly attributed to the uMkhanyakude District Municipality reporting only R63.2 million or 21.4 percent against their Adjusted Budget of R295.6 million due to the delay in the approval of the 2021/22 Budget which had a negative impact on the implementation of the Capital budget resulting in delays in the procurement processes as well as the municipality not submitting the Month 12 data strings due to challenges with the municipal server.
- The bulk of the total *Capital expenditure* as at the end of the fourth quarter of the 2021/22 financial year was spent on *Road transport* with R5.5 billion or 36.1 percent, with the uMgungundlovu District contributing the most in this category with R2.9 billion or 52.6 percent due to the incorrect reporting by the Msunduzi Local Municipality. The second highest contributor towards *Capital expenditure* was *Water and waste water management* with R4.2 billion or 27.8 percent.
- The lowest contributor towards the total *Capital expenditure* was *Health* with R5.1 million or 0.03 percent with the eThekweni Metro being the only municipality reporting expenditure in this category.
- It should be noted that the *Other* expenditure item of negative R12.7 million within the *Economic and Environmental Services* category is incorrect due to the eThekweni Metro incorrectly reported R521.7 million.
- A total amount of R14.3 million was reported for *Housing* which was lower than the actual total expenditure incurred against this function due to the Msunduzi Local Municipality incorrectly reporting a negative amount of R176 million in this category.



## 2.5 Debtors Age Analysis

**Table 5: Debtor Age Analysis per district (Total) as at the end of Quarter 4 – 2021/22**

| R'000          | 0 - 30 Days      |            | 30 - 60 Days     |            | 60- 90 Days      |            | Over 90 Days      |             | Total             |
|----------------|------------------|------------|------------------|------------|------------------|------------|-------------------|-------------|-------------------|
|                | Total            | %          | Total            | %          | Total            | %          | Total             | %           |                   |
| eThekwini      | 2 186 941        | 11.3       | 810 223          | 4.2        | 682 748          | 3.5        | 15 622 076        | 80.9        | 19 301 988        |
| Ugu            | 56 811           | 3.6        | 42 369           | 2.7        | 46 531           | 2.9        | 1 443 115         | 90.8        | 1 588 826         |
| uMgungundlovu  | 207 211          | 3.2        | 130 628          | 2.0        | 128 709          | 2.0        | 6 083 367         | 92.9        | 6 549 915         |
| uThukela       | 85 016           | 7.7        | 22 255           | 2.0        | 30 989           | 2.8        | 965 182           | 87.5        | 1 103 442         |
| uMzinyathi     | 53 628           | 6.7        | (7 399)          | (0.9)      | 25 095           | 3.1        | 727 998           | 91.1        | 799 322           |
| Amajuba        | 80 513           | 5.2        | 35 997           | 2.3        | 34 016           | 2.2        | 1 399 462         | 90.3        | 1 549 988         |
| Zululand       | 79 734           | 6.8        | 17 984           | 1.5        | 27 018           | 2.3        | 1 045 078         | 89.3        | 1 169 814         |
| uMkhanyakude   | 27 924           | 5.9        | (5 547)          | (1.2)      | (1 342)          | (0.3)      | 454 329           | 95.6        | 475 365           |
| King Cetshwayo | 367 042          | 30.6       | 38 568           | 3.2        | 72 118           | 6.0        | 721 480           | 60.2        | 1 199 209         |
| iLembe         | 107 530          | 9.1        | 40 037           | 3.4        | 34 017           | 2.9        | 1 002 622         | 84.7        | 1 184 206         |
| Harry Gwala    | 29 710           | 6.3        | 16 534           | 3.5        | 10 766           | 2.3        | 417 230           | 88.0        | 474 241           |
| <b>Total</b>   | <b>3 282 061</b> | <b>9.3</b> | <b>1 141 650</b> | <b>3.2</b> | <b>1 090 666</b> | <b>3.1</b> | <b>29 881 939</b> | <b>84.4</b> | <b>35 396 316</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

**Table 6: Debtors by Customer Group (Total) as at the end of Quarter 4 – 2021/22**

| R'000          | Organs of State  |            | Commercial       |             | Household         |             | Other <sup>1</sup> |            | Total             |
|----------------|------------------|------------|------------------|-------------|-------------------|-------------|--------------------|------------|-------------------|
|                | Total            | %          | Total            | %           | Total             | %           | Total              | %          |                   |
| eThekwini      | 892 214          | 4.6        | 4 694 142        | 24.3        | 13 656 665        | 70.8        | 58 967             | 0.3        | 19 301 988        |
| Ugu            | 122 038          | 7.7        | 261 564          | 16.5        | 1 198 047         | 75.4        | 7 177              | 0.5        | 1 588 826         |
| uMgungundlovu  | 347 451          | 5.3        | 927 946          | 14.2        | 4 951 911         | 75.6        | 322 608            | 4.9        | 6 549 915         |
| uThukela       | 279 355          | 25.3       | 373 451          | 33.8        | 427 379           | 38.7        | 23 257             | 2.1        | 1 103 442         |
| uMzinyathi     | 127 157          | 15.9       | 108 465          | 13.6        | 545 232           | 68.2        | 18 468             | 2.3        | 799 322           |
| Amajuba        | 46 036           | 3.0        | 107 414          | 6.9         | 1 305 524         | 84.2        | 91 013             | 5.9        | 1 549 988         |
| Zululand       | 170 521          | 14.6       | 206 100          | 17.6        | 729 120           | 62.3        | 64 073             | 5.5        | 1 169 814         |
| uMkhanyakude   | 103 503          | 21.8       | 137 866          | 29.0        | 193 509           | 40.7        | 40 486             | 8.5        | 475 365           |
| King Cetshwayo | 526 159          | 43.9       | 272 891          | 22.8        | 366 351           | 30.5        | 33 808             | 2.8        | 1 199 209         |
| iLembe         | 62 592           | 5.3        | 138 800          | 11.7        | 980 227           | 82.8        | 2 588              | 0.2        | 1 184 206         |
| Harry Gwala    | 72 850           | 15.4       | 68 741           | 14.5        | 309 286           | 65.2        | 23 364             | 4.9        | 474 241           |
| <b>Total</b>   | <b>2 749 876</b> | <b>7.8</b> | <b>7 297 382</b> | <b>20.6</b> | <b>24 663 250</b> | <b>69.7</b> | <b>685 808</b>     | <b>1.9</b> | <b>35 396 316</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

<sup>1</sup> Include Property rates debtors (Agricultural, Ingonyama Trust, Municipal Properties, Protected Area, Vacant Land, Public Benefiting Organisations, Place of Worship), Sundry debtors (Rentals, Garden refuse, Cemetery and burial, Application fees for land usage, Building plan approval), and Misclassifications.

- The total debt owed to municipalities at the end of the fourth quarter of the 2021/22 financial year was R35.4 billion which represents a decrease of R464.4 million or 1.3 percent from R35.9 billion reported by municipalities as at the end of the third quarter of the 2021/22 financial year.
- At the end of the fourth quarter, a substantial amount of debt totalling R29.9 billion or 84.4 percent was outstanding in the *Over 90 Days* category which represents an increase of R450.4 million or 1.5 percent from R29.4 billion reported in the same category as at the end of the third quarter of the 2021/22 financial year. As at 30 June 2022, the remaining Debtors per age category were as follows: *0-30 Days*: R3.3 billion or 9.3 percent; *30-60 Days*: R1.1 billion or 3.2 percent; and *60-90 Days*: R1.1 billion or 3.1 percent.
- The uMuziwabantu, uMngeni and Richmond Local Municipalities as well as the uThukela and uMkhanyakude District Municipalities reported no Debtors outstanding as at 30 June 2022 as the municipalities submitted Monthly Debtors data strings for Month 12 data string showing nil Debtors. The uMkhanyakude District Municipality had challenges with reporting on the Debtors Module and therefore did not submit the Monthly Debtors data string for Month 12. As a result, total Debtors are understated.
- The Debtors Age Analysis by *Customer group* indicates that a considerable portion of debt is owed by *Households* at R24.7 billion or 69.7 percent followed by *Commercial* at R7.3 billion or 20.6 percent.
- Debt collection efforts must focus on these long outstanding debts, however some of these Debtors may still need to be written off as they may have arisen as a result of the incorrect billing of indigent customers, amongst others. Municipalities are encouraged to update their Indigent registers to determine

households that qualify for rebates and discounts with the aim of ensuring that Debtors are accurately billed and reported. The continued increase in the level of debt owed to municipalities is noted with concern as the municipalities should be implementing effective debt management and credit control measures in order to improve their Debtors collection rates, which in turn will have a positive impact on their cash flows.

## 2.6 Creditors Age Analysis

**Table 7: Creditor Age Analysis per district (Total) as at the end of Quarter 4 – 2021/22**

| R'000          | 0 - 30 Days      |             | 30 - 60 Days   |            | 60- 90 Days    |            | Over 90 Days     |             | Total            |
|----------------|------------------|-------------|----------------|------------|----------------|------------|------------------|-------------|------------------|
|                | Total            | %           | Total          | %          | Total          | %          | Total            | %           |                  |
| eThekwini      | 2 409 048        | 83.7        | -              | -          | 347 153        | 12.1       | 122 783          | 4.3         | 2 878 983        |
| Ugu            | 85 716           | 19.8        | 31 331         | 7.2        | 16 410         | 3.8        | 298 993          | 69.1        | 432 450          |
| uMgungundlovu  | 1 623 230        | 66.9        | 130 378        | 5.4        | 87 501         | 3.6        | 586 911          | 24.2        | 2 428 021        |
| uThukela       | 26 160           | 39.4        | 2 961          | 4.5        | 5 966          | 9.0        | 31 291           | 47.1        | 66 378           |
| uMzinyathi     | 63 658           | 15.4        | 189 527        | 45.7       | 8 479          | 2.0        | 153 028          | 36.9        | 414 692          |
| Amajuba        | 37 937           | 11.2        | 3 411          | 1.0        | - 776          | (0.2)      | 298 624          | 88.0        | 339 197          |
| Zululand       | 179 223          | 49.0        | 15 970         | 4.4        | 23 461         | 6.4        | 146 885          | 40.2        | 365 538          |
| uMkhanyakude   | (7 025)          | 40.9        | (4 562)        | 26.6       | (2 909)        | 16.9       | (2 671)          | 15.6        | (17 167)         |
| King Cetshwayo | 307 786          | 36.7        | 43 716         | 5.2        | 57 142         | 6.8        | 429 430          | 51.2        | 838 075          |
| iLembe         | 36 474           | 90.9        | 1 710          | 4.3        | 168            | 0.4        | 1 785            | 4.4         | 40 137           |
| Harry Gwala    | 6 542            | 44.8        | 1 658          | 11.3       | 508            | 3.5        | 5 908            | 40.4        | 14 616           |
| <b>Total</b>   | <b>4 768 749</b> | <b>61.1</b> | <b>416 101</b> | <b>5.3</b> | <b>543 103</b> | <b>7.0</b> | <b>2 072 966</b> | <b>26.6</b> | <b>7 800 920</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

**Table 8: Creditor Per category (Total) as at the end of Quarter 4 - 2021/22**

| R' 000                       | 0 - 30 Days      |             | 31 - 60 Days   |            | 61 - 90 Days   |            | Over 90 Days     |             | Total            |              |
|------------------------------|------------------|-------------|----------------|------------|----------------|------------|------------------|-------------|------------------|--------------|
|                              | Amount           | %           | Amount         | %          | Amount         | %          | Amount           | %           | Amount           | %            |
| <b>Creditor Age Analysis</b> |                  |             |                |            |                |            |                  |             |                  |              |
| Bulk Electricity             | 2 042 354        | 80.5        | 6 704          | 0.3        | 9 414          | 0.4        | 479 744          | 18.9        | 2 538 216        | 32.5         |
| Bulk Water                   | 563 160          | 31.9        | 151 382        | 8.6        | 132 657        | 7.5        | 919 588          | 52.0        | 1 766 787        | 22.6         |
| PAYE deductions              | 143 565          | 100.0       | -              | -          | -              | -          | 0                | 0.0         | 143 565          | 1.8          |
| VAT (output less input)      | 186 468          | 100.0       | -              | -          | -              | -          | -                | -           | 186 468          | 2.4          |
| Pensions / Retirement        | 155 827          | 97.3        | 2 224          | 1.4        | 1 004          | 0.6        | 1 118            | 0.7         | 160 172          | 2.1          |
| Loan repayments              | 1 353            | 23.9        | -              | -          | 11             | 0.2        | 4 306            | 75.9        | 5 670            | 0.1          |
| Trade Creditors              | 1 020 137        | 52.4        | 67 108         | 3.4        | 397 218        | 20.4       | 461 049          | 23.7        | 1 945 512        | 24.9         |
| Auditor-General              | 1 588            | 40.2        | 1 340          | 34.0       | (488)          | (12.4)     | 1 506            | 38.2        | 3 945            | 0.1          |
| Other <sup>1</sup>           | 654 298          | 62.3        | 187 344        | 17.8       | 3 288          | 0.3        | 205 654          | 19.6        | 1 050 584        | 13.5         |
| <b>Total</b>                 | <b>4 768 749</b> | <b>61.1</b> | <b>416 101</b> | <b>5.3</b> | <b>543 103</b> | <b>7.0</b> | <b>2 072 966</b> | <b>26.6</b> | <b>7 800 920</b> | <b>100.0</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

<sup>1</sup> Include Misclassifications of Trade Creditors and Retentions.

- The total debt owed by municipalities at the end of the fourth quarter was R7.8 billion which represents a significant increase of R2 billion or 35.6 percent from R5.8 billion owed by municipalities as at end of the third quarter of the 2021/22 financial year.
- At the end of the fourth quarter of the 2021/22 financial year, a substantial amount of debt totalling R2.1 billion or 26.6 percent was outstanding in the *Over 90 Days* category representing an increase of R213.4 million or 11.5 percent from R1.9 billion reported in the same category as at the end of the third quarter of the 2021/22 financial year. It is concerning that 38.9 percent of the debt owed by municipalities, which amounts to R3 billion was outstanding for longer than 30 days in contravention of Section 65(2)(e) of the MFMA.
- The uMkhanyakude District reflected a negative Creditors balance of R17.2 million as at 30 June 2022 as a result of incorrect reporting by the Mtubatuba and uMhlabuyalingana Local Municipalities which reported negative amounts of R12.4 million and R7.6 million respectively. The Mtubatuba Local Municipality is still experiencing challenges in the use of grants, liabilities and cash flow modules on their financial system as a result extracted reports reflect incorrectly mapped information. The reported Creditors balance for uMhlabuyalingana Local Municipality is incorrect and Month 12 data string will be re-uploaded before the Quarter 4 verification process is finalised.

- The uMzimkhulu and Dr. Nkosazana Dlamini Zuma Local Municipalities reported no Creditors outstanding as at 30 June 2022 as the municipalities submitted Monthly Creditors data strings for Month 12 data string showing nil Creditors. The uMkhanyakude District Municipality had challenges with reporting on the Creditors Module and therefore did not submit the Monthly Creditors data string for Month 12. As a result, total Creditors are understated.
- The majority of the outstanding *Creditors* relate mainly to *Bulk electricity* of R2.5 billion or 32.5 percent followed by *Trade creditors* of R1.9 billion or 24.9 percent.
- Of the *Bulk electricity* outstanding *Creditors* balance of R2.5 billion, R479.7 million was in the *Over 90 Days* category. This was mainly due to the fact that the Mpofana, Ulundi and Msunduzi Local Municipalities reported amounts in the *Over 90 Days* category owing to Eskom of R295.1 million, R131.7 million and R51.8 million respectively for unpaid electricity. Due to the poor collection of outstanding Debtors, the municipalities experienced cash flow challenges and were therefore unable to make full payment on invoices owed to Eskom. According to the MFMA Section 41 Report for June 2022 from Eskom, negotiations for a repayment plan with the Mpofana Local Municipality is still ongoing and that the active partnering concept has been proposed and currently being evaluated by the municipality. The Msunduzi Local Municipality is honouring the payment plan that was entered into with Eskom as per the MFMA Section 41 Report for June 2022 from Eskom. According to the MFMA Section 41 Report for June 2022 from Eskom, the Ulundi Local Municipality defaulted on the repayment plan and a breach notice was issued by Eskom on 10 March 2022. As a result, the Intergovernmental Relations Framework Act, Act 13 of 2005 (IRFA) process was initiated which is now at the mediation stage with the KZN Department of Co-Operative Governance and Traditional Affairs (CoGTA) acting as mediator.
- The Newcastle and eNdameni Local Municipalities did not report the balances owed to Eskom in their MFMA Section 71 data string however, as per the MFMA Section 41 Report for June 2022 from Eskom, it was noted that the Newcastle and eNdameni Local Municipalities owed Eskom R199.7 million and R81.7 million for unpaid Bulk electricity respectively as at the end of June 2022. Both municipalities have signed repayment plans with Eskom on the bulk account which are being honoured.
- Of the *Bulk water* outstanding *Creditors* balance of R1.8 billion, R919.6 million was in the *Over 90 Days* category. This was mainly due to the fact that the King Cetshwayo District Municipality, the Ugu District Municipality and the Msunduzi Local Municipality reported amounts owing to the Umgeni Water Board of R440.1 million, R238.5 million and R216.5 million respectively for unpaid *Bulk water* in the *Over 90 Days* category.
- The Amajuba District Municipality also reported R24.4 million in the *Over 90 Days* category. According to the municipality, this relates to *Bulk water* owed to uThukela Water which has been outstanding from prior years and has been carried over to the current financial year.
- A notice of intention to restrict the water supply was issued to the King Cetshwayo District Municipality as a result of non-payment towards the long outstanding amounts to Umgeni Water. Further correspondence was issued to the municipality by Umgeni Water in March 2022. Currently CoGTA is facilitating discussions to resolve the overdue debt and contractual disputes the Umgeni Water and King Cetshwayo District Municipality.
- Umgeni Water indicated in their MFMA Section 41 Report for June 2022 that a revised payment plan was received on 26 April 2022 from the Ugu District Municipality and it is currently being monitored for compliance wherein payment is expected on 15<sup>th</sup> of every month.
- According to the MFMA Section 41 Report for June 2022 from Umgeni Water, a payment plan with the Msunduzi Local Municipality was accepted on 28 February 2022 and it is currently being monitored. The municipality defaulted on the payment plan. However, the municipality paid R67.2 million on 06 July 2022 which was allocated against the October 2021 invoices and another payment amounting to R38.3 million was paid to Umgeni Water on 07 July 2022.
- The uThukela District Municipality did not report the balance owed to the Umgeni Water Board in their MFMA Section 71 data string, however as per the MFMA Section 41 Report for June 2022 from Umgeni Water, it was noted that the uThukela District Municipality owed the water board R194.5 million for unpaid *Bulk water*. The overdue amounts are subject to the mediation process in terms of the IRFA and an amount of R17.6 million was written off as per the board resolution of Umgeni Water.

## 2.7 National Conditional Grants

**Table 9: National Conditional Grants -Summary, Quarter 4 – 2021/22**

|  | DoRA 2021 Total Avail. (Inc. Adjust.) | Year to date              |   | Unaudited Actual                       |             | Unaudited Actual                     |             |
|--|---------------------------------------|---------------------------|---|--|-------------|--------------------------------------|-------------|
|  |                                       | Approved payment schedule | Transferred to municipalities for direct grants | Actual expenditure National Department | % Spent     | Actual expenditure by municipalities | % Spent     |
| <b>R'000</b>   |                                       |                           |   |  |             |                                      |             |
| Local Government Financial Management Grant                              | 108 620                               | 108 620                   | 108 620   | 68 411                                 | 63.0        | 67 177                               | 61.8        |
| Infrastructure Skills Development Grant                                  | 37 000                                | 37 000                    | 37 000  | 17 254                                 | 46.6        | 14 650                               | 39.6        |
| Neighbourhood Development Partnership (Schedule 5B)                      | 406 429                               | 406 429                   | 406 429   | 63 166                                 | 15.5        | 76 173                               | 18.7        |
| Integrated Urban Development Grant                                       | 229 881                               | 229 881                   | 229 881   | 163 401                                | 71.1        | 214 050                              | 93.1        |
| Municipal Disaster Grant   | 31 937                                | 31 937                    | 31 937  | 28 291                                 | 88.6        | 30 408                               | 95.2        |
| Public Transport Network Grant   | 784 612                               | 784 612                   | 784 612   | 564 064                                | 71.9        | 102 788                              | 13.1        |
| Rural Road Assets Management Systems Grant                               | 24 713                                | 24 713                    | 24 713  | 6 616                                  | 26.8        | 13 146                               | 53.2        |
| Expanded Public Works Programme Integrated Grant (Municipality)          | 222 137                               | 222 137                   | 222 137   | 200 283                                | 90.2        | 137 363                              | 61.8        |
| Integrated National Electrification Programme (Municipal) Grant          | 449 535                               | 449 535                   | 449 535   | 214 025                                | 47.6        | 275 488                              | 61.3        |
| Energy Efficiency and Demand Side Management (Municipal) Grant           | 35 000                                | 35 000                    | 35 000  | 21 290                                 | 60.8        | 33 808                               | 96.6        |
| Regional Bulk Infrastructure Grant (Schedule 5B)                         | 242 531                               | 242 531                   | 242 531   | 134 229                                | 55.3        | 180 818                              | 74.6        |
| Water Services Infrastructure Grant (Schedule 5B)                        | 932 050                               | 932 050                   | 932 050   | 417 802                                | 44.8        | 601 325                              | 64.5        |
| Water Services Infrastructure Grant (Schedule 6B)                        | 460                                   | 460                       | -   | -                                      | -           | -                                    | -           |
| Municipal Emergency Housing Grant  | 15 499                                | 15 498                    | 15 498  | 3 676                                  | 23.7        | -                                    | 0.0         |
| Metro Informal Settlements Partnership Grant                             | 829 536                               | 829 536                   | 829 536   | 368 266                                | 44.4        | 443 298                              | 53.4        |
| Programme and project support preparation grant                          | 49 949                                | 49 949                    | 49 949  | -                                      | -           | 355                                  | 0.7         |
| Municipal Infrastructure Grant   | 3 585 280                             | 3 585 280                 | 3 585 280                                       | 2 572 665                              | 71.8        | 2 672 838                            | 74.6        |
| <b>Subtotal</b>  | <b>7 985 169</b>                      | <b>7 985 168</b>          | <b>7 984 708</b>                                | <b>4 843 439</b>                       | <b>60.7</b> | <b>4 863 686</b>                     | <b>60.9</b> |
| <b>Allocation In Kind</b>  |                                       |                           |   |  |             |                                      |             |
| Neighbourhood Development Partnership (Schedule 6B)                      | 6 600                                 | 6 600                     | 35 258  | 35 258                                 | -           | -                                    | -           |
| Municipal Systems Improvement Grant (Schedule 6B)                        | 34 779                                | 34 779                    | -   | -                                      | -           | -                                    | -           |
| Integrated National Electrification Programme (Allocation in-kind) Grant | 674 090                               | 674 090                   | -   | -                                      | -           | -                                    | -           |
| <b>Subtotal</b>  | <b>715 469</b>                        | <b>715 469</b>            | <b>35 258</b>                                   | <b>35 258</b>                          |             |                                      |             |
| <b>Total</b>   | <b>8 700 638</b>                      | <b>8 700 637</b>          | <b>8 019 966</b>                                | <b>4 878 697</b>                       | <b>60.8</b> | <b>4 863 686</b>                     | <b>55.9</b> |

Source: NT Igdatabase, downloaded 20 July 2022.

- In terms of the Division of Revenue Act, Act No. 4 of 2021 (DoRA), direct allocations to all 54 municipalities in KwaZulu-Natal, including the eThekweni Metro amounted to R7.99 billion, while allocations in-kind amounted to R715.5 million, totalling R8.7 billion. Municipalities have reflected spending of R4.9 billion or 60.9 percent against the total direct allocation of R7.99 billion.
- The total Municipal Infrastructure Grant (MIG) allocation to all the municipalities within the province was R3.6 billion, excluding allocations to the uMhlathuze and Ray Nkonyeni Local Municipalities as well as the eThekweni Metro. The eThekweni Metro receives the Integrated City Development Grant (ICDG) while the uMhlathuze and Ray Nkonyeni Local Municipalities receive the Integrated Urban Development Grant (IUDG), therefore none of these municipalities receive the MIG allocation.
- As at the end of the 2021/22 financial year, a total of R2.7 billion or 74.6 percent was spent of the total MIG allocations by the applicable municipalities.
- The total IUDG allocation to the Ray Nkonyeni and uMhlathuze Local Municipalities was R229.9 million of which, R214.1 million or 93.1 percent was spent when compared to the allocations to the municipalities as at the end of the 2021/22 financial year.
- According to the 2021 DoRA, the Integrated City Development Grant (ICDG) has been repurposed into the Programme and Project Preparation Support Grant (PPPSG). The eThekweni Metro was allocated R49.9 million for this grant for the 2021/22 financial year but has reported spending of only R355 000 against the allocation as at the 2021/22 financial year.
- A total of 15 municipalities reported expenditure less than 90 percent against their MIG allocations for the 2021/22 financial year. The uMshwathi, Nquthu, uMvoti, eMadlangeni, Dannhauser, Local Municipalities as well as uThukela and uMkhanyakude District Municipalities reported no expenditure against their MIG allocations due to challenges experienced with the grants module. The Nkandla Local Municipality incorrectly reported negative expenditure against their MIG allocation.
- The total Water Services Infrastructure Grant (WSIG) allocation to the municipalities within the province was R932.1 million. As at the end of the fourth quarter, a total of R601.3 million or 64.5 percent was spent when compared to the allocations to municipalities. The following municipalities did not report any expenditure against their allocations and contributed to the under-spending of the WSIG

namely: the uMhlathuze Local Municipality and the uThukela and uMkhanyakude District Municipalities. The Msunduzi Local Municipality reported negative R12.5 million against the WSIG allocation due to errors in the data strings.

## 2.8 Criteria for determining serious financial problems

Section 71(1) of the MFMA requires that *the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.*

The purpose of the MFMA Section 71 report is amongst others, to serve as an early warning system to identify and assist municipalities facing financial problems, including any emerging or impending financial problems.

Section 138 of the MFMA specifies criteria for determining serious financial problems at municipalities. As per Section 138 of the MFMA, the following factors, singly or in combination, may indicate a serious financial problem:

- (a) *The municipality has failed to make payments as and when due;*
- (b) *the municipality has defaulted on financial obligations for financial reasons;*
- (c) *the actual current expenditure of the municipality has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive financial years;*
- (d) *the municipality had an operating deficit in excess of five per cent of revenue in the most recent financial year for which financial information is available;*
- (e) *the municipality is more than 60 days late in submitting its annual financial statements to the Auditor-General in accordance with Section 126 [of the MFMA];*
- (f) *the Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the municipality, or has issued an opinion which identifies a serious financial problem in the municipality;*
- (g) *any of the above conditions exists in a municipal entity under the municipality's sole control, or in a municipal entity for whose debts the municipality may be responsible, and the municipality has failed to intervene effectively; or*
- (h) *any other material condition exists which indicates that the municipality, or a municipal entity under the municipality's sole control, is likely to be unable for financial reasons to meet its obligations.*

Additionally, Section 140 of the MFMA specifies criteria for determining serious or persistent breach of financial commitments. As per Section 140(2) of the MFMA, the following factors, singly or in combination, may indicate that a municipality is in serious material breach of its obligations to meet its financial commitments:

- (a) *The municipality has failed to make any payment to a lender or investor as and when due;*
- (b) *the municipality has failed to meet a contractual obligation which provides security in terms of Section 48 [of the MFMA];*
- (c) *the municipality has failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be prescribed or, if none is prescribed, more than two per cent of the municipality's budgeted operating expenditure; or*
- (d) *the municipality's failure to meet its financial commitments has impacted, or is likely to impact, on the availability or price of credit to other municipalities.*

In this regard, the National and Provincial Treasuries are utilising the criteria as per Sections 138 and 140 of the MFMA to identify and monitor municipalities that display **one or more** of the indicators of serious financial problems on a quarterly basis based on the MFMA Section 71 (data string) reports.

The results of the assessment against the above criteria are set out in Annexure J. However, the reliability and credibility of the MFMA Section 71 reports are a serious concern for KZN Provincial Treasury due to the quality of the data strings submitted by municipalities. It is noted that certain municipalities experience

challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the data strings submitted by municipalities as well as inaccuracies in the financial information relating to cash flow (reflecting unrealistic Cash and cash equivalents balances) and balance sheet budgeting. As a result, some of the municipalities identified as having serious financial problems based on the MFMA Section 71 reports are questionable. For example, 40 municipalities in the province have been flagged as meeting the criteria for having serious financial problems based on the quarter four MFMA Section 71 figures, however, upon further scrutiny, 25 of the municipalities (list and details as reflected in Annexure J) do not appear to have financial problems due to the following:

- The data strings of six (6) of the 40 municipalities are incorrect due to inaccurate reporting by the municipalities;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to disputes with service providers for five (5) of the 40 municipalities, while the municipalities have the financial means to settle those Creditors;
- The negative audit opinion was the only criteria displayed for two (2) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the 2021/22 financial year;
- The Operating deficit was the only criteria displayed for ten (10) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the 2021/22 financial year;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to Retentions for one (1) municipality which distorted the overall Creditors balance; and
- The existence of Creditors over R1 million that are owed for more than 90 days is mainly due to amongst others, the inclusion of Short-term debt in the Creditors balance for one (1) municipality which distorts the overall Creditors balance.

The remaining 15 municipalities have been identified as meeting the criteria for having serious financial problems as shown in Table 10.

**Table 10: Municipalities meeting the criteria of having financial problems**

| No. | Name of Municipality | No. | Name of Municipality |
|-----|----------------------|-----|----------------------|
| 1   | Ugu DM               | 9   | eMadlangeni          |
| 2   | Mpofana              | 10  | Amajuba DM           |
| 3   | iMpendle             | 11  | AbaQulusi            |
| 4   | Msunduzi             | 12  | Nongoma              |
| 5   | uThukela DM          | 13  | Ulundi               |
| 6   | eNdumeni             | 14  | Mtubatuba            |
| 7   | uMzinyathi DM        | 15  | uMkhanyakude DM      |
| 8   | Newcastle            |     |                      |

Source: KZN Provincial Treasury.

Included in the list of the 15 municipalities identified as meeting the criteria for having financial problems are seven (7) municipalities which are listed in Table 11 that have also been identified by National Treasury as being in financial distress. In addition, six (6) of the seven (7) municipalities listed in Table 11 are also under intervention in terms of Section 139(1)(b) of the Constitution.

**Table 11: Municipalities in financial distress as per National Treasury**

| No. | Name of Municipality | Intervention      |
|-----|----------------------|-------------------|
| 1   | Mpofana              | Section 139(1)(b) |
| 2   | Msunduzi             | Section 139(1)(b) |
| 3   | uThukela DM          | Section 139(1)(b) |
| 4   | uMzinyathi DM        | Section 139(1)(b) |
| 5   | AbaQulusi            | N/A               |
| 6   | Mtubatuba            | Section 139(1)(b) |
| 7   | uMkhanyakude DM      | Section 139(1)(b) |

Source: KZN Provincial Treasury.

Provincial Treasury is supporting five (5) of the seven (7) municipalities in financial distress whilst the remaining one (1) municipality, the Msunduzi Local Municipality, is being supported by National Treasury. Finance experts have been deployed to the uMkhanyakude, uThukela and uMzinyathi District Municipalities as well as the Mpofana Local Municipality. Financial management support will continue at the Mtubatuba Local Municipality during the 2022/23 financial year. The Finance experts will also support the municipalities during the 2022/23 financial year. The Abaqulusi Local Municipality declined the financial management support offered to them for the 2022/23 financial year as the municipality has appointed their own consultants.

The support to be provided for the 2022/23 financial year commenced during the latter part of the 2021/22 financial year.

The remaining eight (8) municipalities shown in Table 12 also meet the criteria for having financial problems based on the financial performance as at the end of quarter four of the 2021/22 financial year and will need to be closely monitored going forward.

**Table 12: Municipalities meeting the criteria of having financial problems based on Quarter 4 figures – 2021/22**

| No. | Name of Municipality | No. | Name of Municipality |
|-----|----------------------|-----|----------------------|
| 1   | Ugu DM               | 5   | eMadlangeni          |
| 2   | iMpendle             | 6   | Amajuba DM           |
| 3   | eNdlumeni            | 7   | Nongoma              |
| 4   | Newcastle            | 8   | Ulundi               |

Source: KZN Provincial Treasury.

## 2.9 Non Compliance with the MFMA Reporting Requirements

KZN Provincial Treasury uses the monthly In-Year reports, creditors, debtors and conditional grants reports to produce the MFMA Section 71(7) Consolidated Municipal Budgets Performance Report. As at 20 July 2022, three (3) municipality did not submit their data strings for Month 12 within 10 workings days after the end of June 2022 as required by Section 71(1) of the MFMA and were therefore issued with non-compliance letters. Subsequent to Provincial Treasury officials engaging the non-compliant municipalities, two (2) of the three (3) municipalities submitted their data strings leaving only one (1) municipality that did not submit their required data strings as at 25 July 2022. The non-compliant municipalities for Months 12 are listed in Table 13 below. The remaining one (1) municipality is the uMkhanyakude District Municipality was unable to submit their Month 12 data strings due to challenges with the municipal server. A correspondence dated 14 July 2022 was received from the Ministerial Representative to that effect.

**Table 13: List of municipalities that did not submit their data strings - Quarter 4 – 2021/22**

| Name of data strings                     | Period   | Non-compliant municipalities                                  |
|--|--|---|
| Age Creditors                            | June 2022<br>Outstanding submissions<br>as at 19 July 2022 | uMkhanyakude DM   |
|  | June 2022<br>Outstanding submissions<br>as at 25 July 2022 | uMkhanyakude DM   |
| Age Debtors                              | June 2022<br>Outstanding submissions<br>as at 19 July 2022 | Dannhauser, Dr Nkosazana Dlamini Zuma and<br>uMkhanyakude DM, |
|  | June 2022<br>Outstanding submissions<br>as at 25 July 2022 | uMkhanyakude DM   |
| In Year Reporting - Monthly Data strings | June 2022<br>Outstanding submissions<br>as at 19 July 2022 | uMkhanyakude DM   |
|  | June 2022<br>Outstanding submissions<br>as at 25 July 2022 | uMkhanyakude DM   |

Source: NT Igdatabase

## **2.10 Conclusion**

Whilst Provincial Treasury would continue supporting municipalities, the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself as per Sections 61, 62, 63, 64, 65, 81 and 135 of the MFMA. It is therefore incumbent upon the political and administrative leadership at the municipalities to be vigilant with regard to early identification of financial problems that would threaten their service delivery obligations.











Annexure C: Capital Revenue (Source of finance) - As at the end of June 2022

| R'000                                       | Original Budget | Adjusted Budget            | Unaudited Actual  | % Generated       | Detail             |                  |                       |                            |                                |                            |                             |                  |          |
|---|-----------------|----------------------------|-------------------|-------------------|--------------------|------------------|-----------------------|----------------------------|--------------------------------|----------------------------|-----------------------------|------------------|----------|
|   |                 |                            |                   |                   | Sources of Finance |                  |                       |                            | Transfers recognised - capital |                            |                             |                  |          |
|   |                 |                            |                   |                   | National Govt.     | Provincial Govt. | District Municipality | Other transfers and grants | Borrowing                      | Internally generated funds | Public contr. and donations |                  |          |
| <b>A</b>                                    | <b>KZN2000</b>  | <b>eThekweni</b>           | <b>5 321 542</b>  | <b>5 328 607</b>  | <b>3 052 440</b>   | <b>57.3</b>      | <b>2 420 985</b>      | <b>21 358</b>              | <b>-</b>                       | <b>133</b>                 | <b>738 552</b>              | <b>(128 589)</b> | <b>-</b> |
| B   | KZN212          | uMdoni                     | 38 595            | 50 865            | 47 379             | 93.1             | 35 107                | 1 459                      | -                              | -                          | -                           | 10 813           | -        |
| B   | KZN213          | uMzombe                    | 62 185            | 114 100           | 69 630             | 61.0             | 30 672                | -                          | -                              | -                          | -                           | 38 958           | -        |
| B   | KZN214          | uMuziwabantu               | 46 091            | 47 199            | 35 669             | 75.6             | 27 530                | -                          | -                              | -                          | -                           | 8 139            | -        |
| B   | KZN216          | Ray Nkonyeni               | 161 345           | 190 224           | 170 020            | 89.4             | 128 606               | 4 402                      | -                              | 10 885                     | 5 689                       | 20 438           | -        |
| B   | DC21            | Ugu DM                     | 333 548           | 318 871           | 286 935            | 90.0             | 252 633               | 5 528                      | -                              | -                          | -                           | 28 774           | -        |
| <b>Total: Ugu Municipalities</b>            |                 |                            | <b>641 763</b>    | <b>721 258</b>    | <b>609 633</b>     | <b>84.5</b>      | <b>474 549</b>        | <b>11 389</b>              | <b>-</b>                       | <b>10 885</b>              | <b>5 689</b>                | <b>107 121</b>   | <b>-</b> |
| B   | KZN221          | uMshwathi                  | 29 977            | 42 477            | 30 944             | 72.8             | 26 726                | 9                          | -                              | -                          | -                           | 4 208            | -        |
| B   | KZN222          | uMngeni                    | 29 048            | 37 653            | 5 249              | 13.9             | 1 752                 | -                          | -                              | -                          | -                           | 3 497            | -        |
| B   | KZN223          | Mpofana                    | 11 840            | 17 463            | 17 463             | 100.0            | 17 463                | -                          | -                              | -                          | -                           | -                | -        |
| B   | KZN224          | iMpendle                   | 20 687            | 21 697            | 21 680             | 99.9             | 20 891                | 64                         | -                              | -                          | -                           | 725              | -        |
| B   | KZN225          | Msunduzi                   | 576 302           | 655 207           | 6 381 469          | 974.0            | 5 176 728             | 1 952                      | -                              | (67)                       | 130 718                     | 1 072 138        | -        |
| B   | KZN226          | Mkhambathini               | 31 621            | 70 067            | 40 109             | 57.2             | 37 176                | -                          | -                              | -                          | -                           | 2 933            | -        |
| B   | KZN227          | Richmond                   | 33 630            | 41 021            | 20 822             | 50.8             | 19 728                | 60                         | -                              | -                          | -                           | 1 035            | -        |
| C   | DC22            | uMgungundlovu DM           | 195 479           | 245 947           | 307 634            | 125.1            | 314 179               | -                          | -                              | -                          | -                           | (6 545)          | -        |
| <b>Total: uMgungundlovu Municipalities</b>  |                 |                            | <b>928 584</b>    | <b>1 131 533</b>  | <b>6 825 371</b>   | <b>603.2</b>     | <b>5 614 644</b>      | <b>2 084</b>               | <b>-</b>                       | <b>(67)</b>                | <b>130 718</b>              | <b>1 077 992</b> | <b>-</b> |
| B   | KZN235          | Okhahlamba                 | 29 734            | 44 904            | 40 440             | 90.1             | 33 218                | 5 482                      | -                              | -                          | -                           | 1 741            | -        |
| B   | KZN237          | iNkosi Langelibalele       | 40 348            | 40 348            | 46 521             | 115.3            | 42 742                | 660                        | -                              | -                          | -                           | 3 119            | -        |
| B   | KZN238          | Alfred Duma                | 122 911           | 141 979           | 107 001            | 75.4             | 69 196                | 20 345                     | -                              | -                          | -                           | 17 460           | -        |
| B   | DC23            | uThukela DM                | 251 809           | 258 381           | 220 373            | 85.3             | 208 775               | -                          | -                              | -                          | -                           | 11 598           | -        |
| <b>Total: uThukela Municipalities</b>       |                 |                            | <b>444 802</b>    | <b>485 611</b>    | <b>414 335</b>     | <b>85.3</b>      | <b>353 931</b>        | <b>26 487</b>              | <b>-</b>                       | <b>-</b>                   | <b>-</b>                    | <b>33 917</b>    | <b>-</b> |
| B   | KZN241          | eNdumeni                   | 26 429            | 24 883            | 21 455             | 86.2             | 17 519                | 275                        | -                              | -                          | -                           | 3 661            | -        |
| B   | KZN242          | Nquthu                     | 92 505            | 134 112           | 65 507             | 48.8             | 37 166                | -                          | -                              | -                          | -                           | 28 342           | -        |
| B   | KZN244          | uMsinga                    | 68 452            | 62 989            | 58 944             | 93.6             | 40 205                | -                          | -                              | -                          | -                           | 18 739           | -        |
| B   | KZN245          | uMvoti                     | 40 762            | 47 282            | 45 568             | 96.4             | 39 719                | 3 351                      | -                              | -                          | -                           | 2 498            | -        |
| C   | DC24            | uMzinyathi DM              | 287 572           | 298 006           | 234 159            | 78.6             | 223 730               | -                          | -                              | -                          | -                           | 10 430           | -        |
| <b>Total: uMzinyathi Municipalities</b>     |                 |                            | <b>515 720</b>    | <b>567 271</b>    | <b>425 634</b>     | <b>75.0</b>      | <b>358 339</b>        | <b>3 626</b>               | <b>-</b>                       | <b>-</b>                   | <b>-</b>                    | <b>63 670</b>    | <b>-</b> |
| B   | KZN252          | Newcastle                  | 68 741            | 185 364           | 162 896            | 87.9             | 116 887               | 9 659                      | -                              | -                          | -                           | 36 350           | -        |
| B   | KZN253          | eMadlangeni                | 18 987            | 18 700            | 11 041             | 59.0             | 8 946                 | -                          | -                              | -                          | -                           | 2 095            | -        |
| B   | KZN254          | Dannhauser                 | 63 516            | 68 125            | 49 841             | 73.2             | 20 835                | -                          | -                              | -                          | -                           | 29 006           | -        |
| C   | DC25            | Amajuba DM                 | 108 563           | 219 473           | 66 640             | 30.4             | 63 844                | 1 400                      | -                              | -                          | -                           | 1 397            | -        |
| <b>Total: Amajuba Municipalities</b>        |                 |                            | <b>259 806</b>    | <b>491 662</b>    | <b>290 419</b>     | <b>59.1</b>      | <b>210 513</b>        | <b>11 059</b>              | <b>-</b>                       | <b>-</b>                   | <b>-</b>                    | <b>68 848</b>    | <b>-</b> |
| B   | KZN261          | eDumbe                     | 46 209            | 55 209            | 44 392             | 80.4             | 41 528                | 569                        | -                              | -                          | -                           | 2 294            | -        |
| B   | KZN262          | uPhongolo                  | 52 076            | 43 652            | 33 276             | 76.2             | 24 909                | 1                          | -                              | -                          | -                           | 8 366            | -        |
| B   | KZN263          | AbaQulusi                  | 44 908            | 47 330            | 36 260             | 76.6             | 31 601                | -                          | -                              | -                          | -                           | 4 659            | -        |
| B   | KZN265          | Nongoma                    | 51 254            | 50 814            | 23 355             | 46.0             | 23 790                | -                          | -                              | -                          | -                           | (435)            | -        |
| B   | KZN266          | Ulundi                     | 33 577            | 52 877            | 44 176             | 83.5             | 41 916                | -                          | -                              | -                          | -                           | 2 260            | -        |
| C   | DC26            | Zululand DM                | 580 277           | 541 618           | 416 731            | 76.9             | 402 663               | 6 805                      | -                              | -                          | -                           | 7 262            | -        |
| <b>Total: Zululand Municipalities</b>       |                 |                            | <b>808 301</b>    | <b>791 501</b>    | <b>598 189</b>     | <b>75.6</b>      | <b>566 407</b>        | <b>7 375</b>               | <b>-</b>                       | <b>-</b>                   | <b>-</b>                    | <b>24 407</b>    | <b>-</b> |
| B   | KZN271          | uMhlabyalingana            | 47 208            | 53 490            | 18 943             | 35.4             | 30 436                | 1 731                      | -                              | -                          | -                           | (13 224)         | -        |
| B   | KZN272          | Jozini                     | 44 922            | 60 472            | 66 087             | 109.3            | 53 229                | 1 398                      | -                              | -                          | -                           | 11 460           | -        |
| B   | KZN275          | Mtubatuba                  | 50 267            | 64 336            | 39 909             | 62.0             | 21 357                | 15 256                     | -                              | -                          | -                           | 3 297            | -        |
| B   | KZN276          | Big Five Hlabisa           | 25 565            | 28 565            | 21 278             | 74.5             | 13 031                | 3 024                      | -                              | -                          | -                           | 5 223            | -        |
| C   | DC27            | uMkhanyakude DM            | 291 452           | 295 611           | 63 240             | 21.4             | 63 240                | -                          | -                              | -                          | -                           | -                | -        |
| <b>Total: uMkhanyakude Municipalities</b>   |                 |                            | <b>459 414</b>    | <b>502 474</b>    | <b>209 455</b>     | <b>41.7</b>      | <b>181 291</b>        | <b>21 409</b>              | <b>-</b>                       | <b>-</b>                   | <b>-</b>                    | <b>6 755</b>     | <b>-</b> |
| B   | KZN281          | uMfolozi                   | 30 838            | 56 369            | 53 071             | 94.1             | 45 173                | -                          | -                              | -                          | -                           | 7 899            | -        |
| B   | KZN282          | uMhlathuze                 | 830 967           | 834 530           | 624 869            | 74.9             | 166 483               | 7 516                      | -                              | -                          | 277 436                     | 173 434          | -        |
| B   | KZN284          | uMlalazi                   | 67 123            | 86 593            | 61 520             | 71.0             | 41 113                | -                          | -                              | -                          | -                           | 20 407           | -        |
| B   | KZN285          | Mthonjaneni                | 47 316            | 56 348            | 37 004             | 65.7             | 32 994                | -                          | -                              | -                          | -                           | 4 010            | -        |
| B   | KZN286          | Nkandla                    | 42 136            | 48 136            | 17 344             | 36.0             | 14 128                | -                          | -                              | -                          | -                           | 3 215            | -        |
| C   | DC28            | King Cetshwayo DM          | 244 467           | 243 671           | 209 519            | 86.0             | 193 517               | -                          | -                              | -                          | -                           | 16 002           | -        |
| <b>Total: King Cetshwayo Municipalities</b> |                 |                            | <b>1 262 848</b>  | <b>1 325 647</b>  | <b>1 003 326</b>   | <b>75.7</b>      | <b>493 408</b>        | <b>7 516</b>               | <b>-</b>                       | <b>-</b>                   | <b>277 436</b>              | <b>224 966</b>   | <b>-</b> |
| B   | KZN291          | Mandeni                    | 73 920            | 84 280            | 59 760             | 70.9             | 31 471                | 668                        | -                              | -                          | -                           | 27 621           | -        |
| B   | KZN292          | KwaDukuza                  | 321 401           | 316 100           | 220 252            | 69.7             | 57 651                | 8 134                      | -                              | 4 503                      | -                           | 149 964          | -        |
| B   | KZN293          | Ndwedwe                    | 82 662            | 91 407            | 72 060             | 78.8             | 36 148                | -                          | -                              | -                          | -                           | 35 912           | -        |
| B   | KZN294          | Maphumulo                  | 33 587            | 42 824            | 45 632             | 106.6            | 24 848                | 1 423                      | -                              | -                          | -                           | 19 361           | -        |
| C   | DC29            | iLembe DM                  | 235 386           | 263 497           | 283 138            | 107.5            | 246 829               | 8 954                      | -                              | -                          | -                           | 27 356           | -        |
| <b>Total: iLembe Municipalities</b>         |                 |                            | <b>746 956</b>    | <b>798 107</b>    | <b>680 842</b>     | <b>85.3</b>      | <b>396 947</b>        | <b>19 179</b>              | <b>-</b>                       | <b>4 503</b>               | <b>-</b>                    | <b>260 212</b>   | <b>-</b> |
| B   | KZN433          | Greater Kokstad            | 98 060            | 133 559           | 107 186            | 80.3             | 38 771                | 38 356                     | -                              | 3 744                      | -                           | 26 315           | -        |
| B   | KZN434          | uBuhlebezwe                | 44 995            | 54 668            | 41 212             | 75.4             | 28 019                | -                          | -                              | -                          | -                           | 13 193           | -        |
| B   | KZN435          | uMzimkhulu                 | 120 404           | 130 303           | 71 911             | 55.2             | 39 403                | 8 379                      | -                              | -                          | -                           | 24 129           | -        |
| B   | KZN436          | Dr. Nkosazana Dlamini Zuma | 92 800            | 97 311            | 73 196             | 75.2             | 36 686                | 375                        | -                              | -                          | -                           | 36 135           | -        |
| C   | DC43            | Harry Gwala DM             | 307 283           | 328 318           | 328 229            | 100.0            | 278 127               | 42 031                     | -                              | -                          | -                           | 8 071            | -        |
| <b>Total: Harry Gwala Municipalities</b>    |                 |                            | <b>663 542</b>    | <b>744 158</b>    | <b>621 734</b>     | <b>83.5</b>      | <b>421 007</b>        | <b>89 140</b>              | <b>-</b>                       | <b>3 744</b>               | <b>-</b>                    | <b>107 843</b>   | <b>-</b> |
| <b>Total</b>                                |                 |                            | <b>12 053 278</b> | <b>12 887 830</b> | <b>14 731 378</b>  | <b>114.3</b>     | <b>11 492 021</b>     | <b>220 623</b>             | <b>-</b>                       | <b>19 199</b>              | <b>1 152 395</b>            | <b>1 847 141</b> | <b>-</b> |

Source: NT Igdatabase



Annexure E: Debtors Age Analysis (Total) - As at the end of June 2022

| R'000                                       | 0 - 30 Days |                            | 30 - 60 Days     |             | 60 - 90 Days     |             | Over 90 Days     |             | Total             | Actual Bad Debts Written Off to Debtors |                   | Impairment - Bad Debts to Council Policy |             |                  |             |
|---|-------------|----------------------------|------------------|-------------|------------------|-------------|------------------|-------------|-------------------|---|-------------------|--|-------------|------------------|-------------|
|   | Total       | %                          | Total            | %           | Total            | %           | Total            | %           |                   | Amount                                  | %                 | Amount                                   | %           |                  |             |
|   | A           | KZN2000                    | eThekwini        | 2 186 941   | 11.3             | 810 223     | 4.2              | 682 748     |                   | 3.5                                     | 15 622 076        | 80.9                                     | 19 301 988  | -                | -           |
| B   | KZN212      | uMdoni                     | 5 037            | 3.6         | 3 170            | 2.3         | 2 515            | 1.8         | 129 326           | 92.3                                    | 140 048           | -  | -           | -                | -           |
| B   | KZN213      | uMzumbi                    | -                | -           | (75)             | -0.3        | -                | -           | 28 870            | 100.3                                   | 28 795            | -  | -           | -                | -           |
| B   | KZN214      | uMuziwabantu               | -                | -           | -                | -           | -                | -           | -                 | -                                       | -                 | -  | -           | -                | -           |
| B   | KZN216      | Ray Nkonyeni               | 19 230           | 4.2         | 8 433            | 1.8         | 17 433           | 3.8         | 418 260           | 90.3                                    | 463 357           | -  | -           | -                | -           |
| C   | DC21        | Ugu DM                     | 32 543           | 3.4         | 30 841           | 3.2         | 26 583           | 2.8         | 866 659           | 90.6                                    | 956 626           | -  | -           | -                | -           |
| <b>Total: Ugu Municipalities</b>            |             |                            | <b>56 811</b>    | <b>3.6</b>  | <b>42 369</b>    | <b>2.7</b>  | <b>46 531</b>    | <b>2.9</b>  | <b>1 443 115</b>  | <b>90.8</b>                             | <b>1 588 826</b>  | -  | -           | -                | -           |
| B   | KZN221      | uMshwathi                  | 11 508           | 6.5         | 297              | 0.2         | 2 950            | 1.7         | 161 119           | 91.6                                    | 175 874           | -  | -           | -                | -           |
| B   | KZN222      | uMngeni                    | -                | -           | -                | -           | -                | -           | -                 | -                                       | -                 | -  | -           | -                | -           |
| B   | KZN223      | Mpofana                    | 12 073           | 8.6         | (4 897)          | -3.5        | 909              | 0.6         | 132 690           | 94.3                                    | 140 775           | -  | -           | -                | -           |
| B   | KZN224      | iMpendle                   | 789              | 5.8         | (3)              | -0.0        | 401              | 2.9         | 12 488            | 91.3                                    | 13 675            | -  | -           | -                | -           |
| B   | KZN225      | Msunduzi                   | 515 558          | 9.6         | 133 852          | 2.5         | 103 312          | 1.9         | 4 638 644         | 86.0                                    | 5 391 367         | -  | -           | 2 925 375        | 54.3        |
| B   | KZN226      | Mkhambathini               | 2 033            | 6.3         | (50)             | -0.2        | 478              | 1.5         | 30 023            | 92.4                                    | 32 484            | -  | -           | -                | -           |
| B   | KZN227      | Richmond                   | -                | -           | -                | -           | -                | -           | -                 | -                                       | -                 | -  | -           | -                | -           |
| C   | DC22        | uMgungundlovu DM           | (334 750)        | -42.1       | 1 430            | 0.2         | 20 659           | 2.6         | 1 108 402         | 139.3                                   | 795 741           | -  | -           | -                | -           |
| <b>Total: uMgungundlovu Municipalities</b>  |             |                            | <b>207 211</b>   | <b>3.2</b>  | <b>130 628</b>   | <b>2.0</b>  | <b>128 709</b>   | <b>2.0</b>  | <b>6 083 367</b>  | <b>92.9</b>                             | <b>6 549 915</b>  | -  | -           | <b>2 925 375</b> | <b>44.7</b> |
| B   | KZN235      | Okhahlamba                 | 813              | 1.0         | (133)            | -0.2        | 1 458            | 1.8         | 79 202            | 97.4                                    | 81 341            | -  | -           | -                | -           |
| B   | KZN237      | iNkosi Langalibalele       | 40 460           | 13.6        | (96)             | -0.0        | 12 474           | 4.2         | 245 017           | 82.3                                    | 297 856           | -  | -           | -                | -           |
| B   | KZN238      | Alfred Duma                | 43 743           | 6.0         | 22 484           | 3.1         | 17 057           | 2.4         | 640 962           | 88.5                                    | 724 246           | -  | -           | -                | -           |
| C   | DC23        | uThukela DM                | -                | -           | -                | -           | -                | -           | -                 | -                                       | -                 | -  | -           | -                | -           |
| <b>Total: uThukela Municipalities</b>       |             |                            | <b>85 016</b>    | <b>7.7</b>  | <b>22 255</b>    | <b>2.0</b>  | <b>30 989</b>    | <b>2.8</b>  | <b>965 182</b>    | <b>87.5</b>                             | <b>1 103 442</b>  | -  | -           | -                | -           |
| B   | KZN241      | eNdumeni                   | 22 712           | 12.5        | (6 660)          | -3.7        | 11 670           | 6.4         | 154 325           | 84.8                                    | 182 046           | -  | -           | -                | -           |
| B   | KZN242      | Nquthu                     | 651              | 4.6         | 345              | 2.4         | 474              | 3.3         | 12 675            | 89.6                                    | 14 144            | -  | -           | -                | -           |
| B   | KZN244      | uMsinga                    | 3 229            | 5.4         | 1 247            | 2.1         | 1 242            | 2.1         | 54 419            | 90.5                                    | 60 137            | -  | -           | -                | -           |
| B   | KZN245      | uMvoti                     | 13 643           | 22.7        | (824)            | -1.4        | 1 490            | 2.5         | 45 804            | 76.2                                    | 60 114            | -  | -           | -                | -           |
| C   | DC24        | uMzinyathi DM              | 13 394           | 2.8         | (1 506)          | -0.3        | 10 219           | 2.1         | 460 775           | 95.4                                    | 482 882           | -  | -           | -                | -           |
| <b>Total: uMzinyathi Municipalities</b>     |             |                            | <b>53 628</b>    | <b>6.7</b>  | <b>(7 399)</b>   | <b>-0.9</b> | <b>25 095</b>    | <b>3.1</b>  | <b>727 998</b>    | <b>91.1</b>                             | <b>799 322</b>    | -  | -           | -                | -           |
| B   | KZN252      | Newcastle                  | 69 676           | 5.0         | 35 542           | 2.5         | 28 838           | 2.1         | 1 267 851         | 90.4                                    | 1 401 906         | -  | -           | -                | -           |
| B   | KZN253      | eMadlangeni                | 7 356            | 11.8        | (945)            | -1.5        | 2 987            | 4.8         | 52 686            | 84.9                                    | 62 085            | -  | -           | -                | -           |
| B   | KZN254      | Dannhauser                 | 1 669            | 3.0         | 1 401            | 2.5         | 1 309            | 2.4         | 51 028            | 92.1                                    | 55 407            | -  | -           | -                | -           |
| C   | DC25        | Amajuba DM                 | 1 812            | 5.9         | -                | -           | 882              | 2.9         | 27 896            | 91.2                                    | 30 590            | -  | -           | -                | -           |
| <b>Total: Amajuba Municipalities</b>        |             |                            | <b>80 513</b>    | <b>5.2</b>  | <b>35 997</b>    | <b>2.3</b>  | <b>34 016</b>    | <b>2.2</b>  | <b>1 399 462</b>  | <b>90.3</b>                             | <b>1 549 988</b>  | -  | -           | -                | -           |
| B   | KZN261      | eDumbe                     | 9 853            | 0.7         | (77)             | 2.5         | 3 253            | 2.1         | 161 069           | 90.4                                    | 1 401 906         | -  | -           | -                | -           |
| B   | KZN262      | uPhongolo                  | 16 252           | 5.6         | (202)            | -0.0        | 4 512            | 0.8         | 267 591           | 46.4                                    | 288 153           | -  | -           | -                | -           |
| B   | KZN263      | AbaQulusi                  | 28 904           | 8.7         | 14 495           | 4.3         | 12 717           | 3.8         | 277 615           | 83.2                                    | 333 731           | -  | -           | -                | -           |
| B   | KZN265      | Nongoma                    | 2 167            | 3.6         | (1)              | -0.0        | 558              | 0.9         | 58 108            | 95.5                                    | 60 832            | -  | -           | -                | -           |
| B   | KZN266      | Ulundi                     | 11 572           | 8.5         | (72)             | -0.1        | 2 217            | 1.6         | 123 195           | 90.0                                    | 136 912           | -  | -           | -                | -           |
| C   | DC26        | Zululand DM                | 10 985           | 6.2         | 3 840            | 2.2         | 3 761            | 2.1         | 157 501           | 89.4                                    | 176 087           | -  | -           | -                | -           |
| <b>Total: Zululand Municipalities</b>       |             |                            | <b>79 734</b>    | <b>6.8</b>  | <b>17 984</b>    | <b>1.5</b>  | <b>27 018</b>    | <b>2.3</b>  | <b>1 045 078</b>  | <b>89.3</b>                             | <b>1 169 814</b>  | -  | -           | -                | -           |
| B   | KZN271      | uMhlabyalingana            | 1 651            | 2.8         | (1)              | -0.0        | 656              | 1.1         | 56 525            | 96.1                                    | 58 831            | -  | -           | -                | -           |
| B   | KZN272      | Jozini                     | 4 666            | 3.4         | (2)              | -0.0        | 2 235            | 1.6         | 128 730           | 94.9                                    | 135 628           | -  | -           | -                | -           |
| B   | KZN275      | Mtubatuba                  | 19 602           | 8.6         | (5 436)          | -2.4        | (4 548)          | -2.0        | 218 430           | 95.8                                    | 228 048           | -  | -           | -                | -           |
| B   | KZN276      | Big Five Hlabisa           | 2 005            | 3.8         | (108)            | -0.2        | 315              | 0.6         | 50 645            | 95.8                                    | 52 857            | -  | -           | -                | -           |
| C   | DC27        | uMkhanyakude DM            | -                | -           | -                | -           | -                | -           | -                 | -                                       | -                 | -  | -           | -                | -           |
| <b>Total: uMkhanyakude Municipalities</b>   |             |                            | <b>27 924</b>    | <b>5.9</b>  | <b>(5 547)</b>   | <b>-1.2</b> | <b>(1 342)</b>   | <b>-0.3</b> | <b>454 329</b>    | <b>95.6</b>                             | <b>475 365</b>    | -  | -           | -                | -           |
| B   | KZN281      | uMfolozi                   | 1 886            | 10.3        | (26)             | -0.1        | 2 520            | 13.8        | 13 910            | 76.1                                    | 18 289            | -  | -           | -                | -           |
| B   | KZN282      | uMhlabuzwe                 | 338 195          | 37.1        | 31 074           | 3.4         | 59 889           | 6.6         | 481 464           | 52.9                                    | 910 622           | 29 740                                   | 3.3         | -                | -           |
| B   | KZN284      | uMlalazi                   | 724              | 0.9         | 4 260            | 5.4         | 2 613            | 3.3         | 71 777            | 90.4                                    | 79 373            | -  | -           | -                | -           |
| B   | KZN285      | Mthonjaneni                | 4 440            | 9.3         | (13)             | -0.0        | 1 242            | 2.6         | 42 220            | 88.2                                    | 47 889            | -  | -           | -                | -           |
| B   | KZN286      | Nkandla                    | 12 163           | 22.8        | (260)            | -0.5        | 3 597            | 6.8         | 37 778            | 70.9                                    | 53 278            | -  | -           | -                | -           |
| C   | DC28        | King Cetshwayo DM          | 9 634            | 10.7        | 3 533            | 3.9         | 2 258            | 2.5         | 74 331            | 82.8                                    | 89 757            | -  | -           | -                | -           |
| <b>Total: King Cetshwayo Municipalities</b> |             |                            | <b>367 042</b>   | <b>30.6</b> | <b>38 568</b>    | <b>3.2</b>  | <b>72 118</b>    | <b>6.0</b>  | <b>721 480</b>    | <b>60.2</b>                             | <b>1 199 209</b>  | <b>29 740</b>                            | <b>2.5</b>  | -                | -           |
| B   | KZN291      | Mandeni                    | 8 102            | 4.5         | (586)            | -0.3        | 2 498            | 1.4         | 171 495           | 94.5                                    | 181 509           | -  | -           | -                | -           |
| B   | KZN292      | KwaDukuza                  | 75 714           | 23.3        | 18 772           | 5.8         | 12 690           | 3.9         | 217 495           | 67.0                                    | 324 670           | -  | -           | -                | -           |
| B   | KZN293      | Ndwedwe                    | (5 604)          | -32.8       | (51)             | -0.3        | (945)            | -5.5        | 23 690            | 138.6                                   | 17 090            | -  | -           | -                | -           |
| B   | KZN294      | Maphumulo                  | 162              | 6.4         | (7)              | -0.3        | (55)             | -2.2        | 2 443             | 96.1                                    | 2 543             | -  | -           | -                | -           |
| C   | DC29        | iLembe DM                  | 29 156           | 4.4         | 21 909           | 3.3         | 19 829           | 3.0         | 587 499           | 89.2                                    | 658 394           | 300                                      | 0.0         | -                | -           |
| <b>Total: iLembe Municipalities</b>         |             |                            | <b>107 530</b>   | <b>9.1</b>  | <b>40 037</b>    | <b>3.4</b>  | <b>34 017</b>    | <b>2.9</b>  | <b>1 002 622</b>  | <b>84.7</b>                             | <b>1 184 206</b>  | <b>300</b>                               | <b>0.0</b>  | -                | -           |
| B   | KZN433      | Greater Kokstad            | 20 797           | 26.7        | 8 469            | 10.9        | 2 637            | 3.4         | 45 925            | 59.0                                    | 77 828            | -  | -           | -                | -           |
| B   | KZN434      | uBuhlebezwe                | 1 824            | 2.7         | 1 665            | 2.5         | 1 237            | 1.8         | 62 667            | 93.0                                    | 67 394            | -  | -           | -                | -           |
| B   | KZN435      | uMzimkhulu                 | 1 023            | 7.7         | 297              | 2.2         | 281              | 2.1         | 11 702            | 88.0                                    | 13 303            | (128)                                    | -1.0        | -                | -           |
| B   | KZN434      | Dr. Nkosazana Dlamini Zuma | 806              | 1.0         | 1 758            | 2.2         | 1 589            | 2.0         | 74 213            | 94.7                                    | 78 367            | -  | -           | -                | -           |
| C   | DC43        | Harry Gwala DM             | 5 260            | 2.2         | 4 345            | 1.8         | 5 022            | 2.1         | 222 722           | 93.8                                    | 237 350           | -  | -           | -                | -           |
| <b>Total: Harry Gwala Municipalities</b>    |             |                            | <b>29 710</b>    | <b>6.3</b>  | <b>16 534</b>    | <b>3.5</b>  | <b>10 766</b>    | <b>2.3</b>  | <b>417 230</b>    | <b>88.0</b>                             | <b>474 241</b>    | <b>(128)</b>                             | <b>-0.0</b> | -                | -           |
| <b>Total</b>                                |             |                            | <b>3 282 061</b> | <b>9.3</b>  | <b>1 141 650</b> | <b>3.2</b>  | <b>1 090 666</b> | <b>3.1</b>  | <b>29 881 939</b> | <b>84.4</b>                             | <b>35 396 316</b> | <b>29 912</b>                            | <b>0.1</b>  | <b>2 901 228</b> | <b>8.2</b>  |

Source: NT Publication





**Annexure G: Creditors Age Analysis (Total) - As at the end of June 2022**

| R'000                                       | 0 - 30 Days    |                            | 30 - 60 Days     |             | 60 - 90 Days   |             | Over 90 Days   |              | Total            |             |                  |
|---|----------------|----------------------------|------------------|-------------|----------------|-------------|----------------|--------------|------------------|-------------|------------------|
|   | Total          | %                          | Total            | %           | Total          | %           | Total          | %            |                  |             |                  |
| <b>A</b>                                    | <b>KZN2000</b> | <b>eThekweni</b>           | <b>2 409 048</b> | <b>83.7</b> | <b>-</b>       | <b>-</b>    | <b>347 153</b> | <b>12.1</b>  | <b>122 783</b>   | <b>4.3</b>  | <b>2 878 983</b> |
| B   | KZN212         | uMdoni                     | -                | -           | 371            | 100.0       | -              | -            | -                | -           | 371              |
| B   | KZN213         | uMzumbhe                   | 3 248            | 98.8        | 3              | 0.1         | 0              | 0.0          | 37               | 1.1         | 3 288            |
| B   | KZN214         | uMuziwabantu               | 485              | 89.5        | 12             | 2.3         | -              | -            | 45               | 8.2         | 542              |
| B   | KZN216         | Ray Nkonyeni               | 2 722            | 89.5        | -              | -           | -              | -            | 320              | 10.5        | 3 042            |
| C   | DC21           | Ugu DM                     | 79 261           | 18.6        | 30 945         | 7.3         | 16 410         | 3.9          | 298 591          | 70.2        | 425 207          |
| <b>Total: Ugu Municipalities</b>            |                |                            | <b>85 716</b>    | <b>19.8</b> | <b>31 331</b>  | <b>7.2</b>  | <b>16 410</b>  | <b>3.8</b>   | <b>298 993</b>   | <b>69.1</b> | <b>432 450</b>   |
| B   | KZN221         | uMshwathi                  | (43)             | (78.1)      | 13             | 23.5        | -              | -            | 85               | 154.6       | 55               |
| B   | KZN222         | uMngeni                    | 5 619            | 56.6        | -              | -           | -              | -            | 4 306            | 43.4        | 9 925            |
| B   | KZN223         | Mpofana                    | 11 681           | 3.5         | 3 377          | 1.0         | 10 011         | 3.0          | 305 255          | 92.4        | 330 323          |
| B   | KZN224         | iMpendle                   | 2 997            | 104.4       | -              | -           | -              | -            | (125)            | (4.4)       | 2 872            |
| B   | KZN225         | Msunduzi                   | 1 600 026        | 76.9        | 126 879        | 6.1         | 77 530         | 3.7          | 277 141          | 13.3        | 2 081 575        |
| B   | KZN226         | Mkhambathini               | 681              | 94.6        | 26             | 3.7         | (28)           | (3.9)        | 40               | 5.6         | 720              |
| B   | KZN227         | Richmond                   | 1 219            | 100.0       | -              | -           | -              | -            | -                | -           | 1 219            |
| C   | DC22           | uMgungundlovu DM           | 1 050            | 78.9        | 83             | 6.3         | (11)           | (0.8)        | 209              | 15.7        | 1 332            |
| <b>Total: uMgungundlovu Municipalities</b>  |                |                            | <b>1 623 230</b> | <b>66.9</b> | <b>130 378</b> | <b>5.4</b>  | <b>87 501</b>  | <b>3.6</b>   | <b>586 911</b>   | <b>24.2</b> | <b>2 428 021</b> |
| B   | KZN235         | Okhahlamba                 | 2 872            | 100.0       | -              | -           | -              | -            | -                | -           | 2 872            |
| B   | KZN237         | iNkosi Langalibalele       | -                | -           | -              | -           | -              | -            | 4 025            | 100.0       | 4 025            |
| B   | KZN238         | Alfred Duma                | 17 627           | 89.2        | 6              | 0.0         | -              | -            | 2 122            | 10.7        | 19 755           |
| C   | DC23           | uThukela DM                | 5 661            | 14.3        | 2 955          | 7.4         | 5 966          | 15.0         | 25 144           | 63.3        | 39 726           |
| <b>Total: uThukela Municipalities</b>       |                |                            | <b>26 160</b>    | <b>39.4</b> | <b>2 961</b>   | <b>4.5</b>  | <b>5 966</b>   | <b>9.0</b>   | <b>31 291</b>    | <b>47.1</b> | <b>66 378</b>    |
| B   | KZN241         | eNdumeni                   | 5                | 100.0       | -              | -           | -              | -            | -                | -           | 5                |
| B   | KZN242         | Nquthu                     | 8 437            | 38.8        | 662            | 3.0         | 214            | 1.0          | 12 455           | 57.2        | 21 768           |
| B   | KZN244         | uMsinga                    | 643              | 100.0       | -              | -           | -              | -            | -                | -           | 643              |
| B   | KZN245         | uMvoti                     | 25 331           | 69.8        | 455            | 1.3         | 357            | 1.0          | 10 170           | 28.0        | 36 313           |
| C   | DC24           | uMzinyathi DM              | 29 242           | 8.2         | 188 410        | 52.9        | 7 908          | 2.2          | 130 403          | 36.6        | 355 963          |
| <b>Total: uMzinyathi Municipalities</b>     |                |                            | <b>63 658</b>    | <b>15.4</b> | <b>189 527</b> | <b>45.7</b> | <b>8 479</b>   | <b>2.0</b>   | <b>153 028</b>   | <b>36.9</b> | <b>414 692</b>   |
| B   | KZN252         | Newcastle                  | 21 968           | 7.9         | 6              | 0.0         | -              | -            | 255 686          | 92.1        | 277 660          |
| B   | KZN253         | eMadlangeni                | 2 782            | 36.0        | (1 144)        | (14.8)      | (988)          | (12.8)       | 7 070            | 91.6        | 7 720            |
| B   | KZN254         | Dannhauser                 | 284              | 59.2        | 196            | 40.8        | -              | -            | -                | -           | 481              |
| C   | DC25           | Amajuba DM                 | 12 903           | 24.2        | 4 353          | 8.2         | 212            | 0.4          | 35 868           | 67.2        | 53 336           |
| <b>Total: Amajuba Municipalities</b>        |                |                            | <b>37 937</b>    | <b>11.2</b> | <b>3 411</b>   | <b>1.0</b>  | <b>(776)</b>   | <b>(0.2)</b> | <b>298 624</b>   | <b>88.0</b> | <b>339 197</b>   |
| B   | KZN261         | eDumbe                     | 4 506            | 100.0       | -              | -           | -              | -            | (0)              | (0.0)       | 4 506            |
| B   | KZN262         | uPhongolo                  | 2 446            | 26.0        | 5 615          | 59.8        | 676            | 7.2          | 657              | 7.0         | 9 394            |
| B   | KZN263         | AbaQulusi                  | 37 601           | 77.4        | 3 899          | 8.0         | 1 330          | 2.7          | 5 735            | 11.8        | 48 565           |
| B   | KZN265         | Nongoma                    | 11 865           | 46.6        | 3 341          | 13.1        | 1 422          | 5.6          | 8 831            | 34.7        | 25 459           |
| B   | KZN266         | Ulundi                     | -                | -           | -              | -           | -              | -            | 131 662          | 100.0       | 131 662          |
| C   | DC26           | Zululand DM                | 122 804          | 84.1        | 3 115          | 2.1         | 20 033         | 13.7         | -                | -           | 145 952          |
| <b>Total: Zululand Municipalities</b>       |                |                            | <b>179 223</b>   | <b>49.0</b> | <b>15 970</b>  | <b>4.4</b>  | <b>23 461</b>  | <b>6.4</b>   | <b>146 885</b>   | <b>40.2</b> | <b>365 538</b>   |
| B   | KZN271         | uMhlabuyalingana           | (1 918)          | 25.2        | (2 996)        | 39.3        | (686)          | 9.0          | (2 023)          | 26.5        | (7 623)          |
| B   | KZN272         | Jozini                     | 1 060            | 96.4        | 22             | 2.0         | 3              | 0.3          | 15               | 1.3         | 1 100            |
| B   | KZN275         | Mtubatuba                  | (4 338)          | 35.0        | 358            | (2.9)       | (4 207)        | 33.9         | (4 219)          | 34.0        | (12 406)         |
| B   | KZN276         | Big Five Hlabisa           | (1 829)          | (103.8)     | (1 945)        | (110.4)     | 1 981          | 112.4        | 3 556            | 201.8       | 1 762            |
| C   | DC27           | uMkhanyakude DM            | -                | -           | -              | -           | -              | -            | -                | -           | -                |
| <b>Total: uMkhanyakude Municipalities</b>   |                |                            | <b>(7 025)</b>   | <b>40.9</b> | <b>(4 562)</b> | <b>26.6</b> | <b>(2 909)</b> | <b>16.9</b>  | <b>(2 671)</b>   | <b>15.6</b> | <b>(17 167)</b>  |
| B   | KZN281         | uMfolozi                   | 139              | 3.6         | 2 979          | 77.2        | 126            | 3.3          | 617              | 16.0        | 3 860            |
| B   | KZN282         | uMhlatuze                  | 228 729          | 99.5        | -              | -           | -              | -            | 1 179            | 0.5         | 229 908          |
| B   | KZN284         | uMlalazi                   | 1 945            | 99.5        | 10             | 0.5         | -              | -            | -                | -           | 1 955            |
| B   | KZN285         | Mthonjaneni                | 20 822           | 81.1        | 1 686          | 6.6         | 2 200          | 8.6          | 978              | 3.8         | 25 686           |
| B   | KZN286         | Nkandla                    | (2 753)          | 10.0        | 3 905          | (14.2)      | (5 011)        | 18.3         | (23 557)         | 85.9        | (27 416)         |
| C   | DC28           | King Cetshwayo DM          | 58 904           | 9.8         | 35 137         | 5.8         | 59 827         | 9.9          | 450 213          | 74.5        | 604 081          |
| <b>Total: King Cetshwayo Municipalities</b> |                |                            | <b>307 786</b>   | <b>36.7</b> | <b>43 716</b>  | <b>5.2</b>  | <b>57 142</b>  | <b>6.8</b>   | <b>429 430</b>   | <b>51.2</b> | <b>838 075</b>   |
| B   | KZN291         | Mandeni                    | 4 152            | 100.0       | -              | -           | -              | -            | 2                | 0.0         | 4 154            |
| B   | KZN292         | KwaDukuza                  | 23 813           | 89.0        | 1 707          | 6.4         | 27             | 0.1          | 1 205            | 4.5         | 26 752           |
| B   | KZN293         | Ndwedwe                    | 627              | 48.5        | -              | -           | 138            | 10.7         | 527              | 40.8        | 1 292            |
| B   | KZN294         | Maphumulo                  | 4 101            | 98.6        | 2              | 0.1         | 3              | 0.1          | 52               | 1.2         | 4 158            |
| C   | DC29           | iLembe DM                  | 3 781            | 100.0       | -              | -           | -              | -            | -                | -           | 3 781            |
| <b>Total: iLembe Municipalities</b>         |                |                            | <b>36 474</b>    | <b>90.9</b> | <b>1 710</b>   | <b>4.3</b>  | <b>168</b>     | <b>0.4</b>   | <b>1 785</b>     | <b>4.4</b>  | <b>40 137</b>    |
| B   | KZN433         | Greater Kokstad            | 2 877            | 96.7        | -              | -           | -              | -            | 98               | 3.3         | 2 976            |
| B   | KZN434         | uBuhlebezwe                | 1 064            | 15.7        | (368)          | (5.4)       | 279            | 4.1          | 5 809            | 85.6        | 6 784            |
| B   | KZN435         | uMzimkhulu                 | -                | -           | -              | -           | -              | -            | -                | -           | -                |
| B   | KZN436         | Dr. Nkosazana Dlamini Zuma | -                | -           | -              | -           | -              | -            | -                | -           | -                |
| C   | DC43           | Harry Gwala DM             | 2 600            | 53.6        | 2 026          | 41.7        | 229            | 4.7          | -                | -           | 4 855            |
| <b>Total: Harry Gwala Municipalities</b>    |                |                            | <b>6 542</b>     | <b>44.8</b> | <b>1 658</b>   | <b>11.3</b> | <b>508</b>     | <b>3.5</b>   | <b>5 908</b>     | <b>40.4</b> | <b>14 616</b>    |
| <b>Total</b>                                |                |                            | <b>4 768 749</b> | <b>61.1</b> | <b>416 101</b> | <b>5.3</b>  | <b>543 103</b> | <b>7.0</b>   | <b>2 072 966</b> | <b>26.6</b> | <b>7 800 920</b> |

Source: NT Publication

Annexure H : Creditors per Category (Total) - As at the end of June 2022

| R'000                                       | Bulk Electricity |                            | Bulk Water       |             | PAYE Deductions |             | VAT (output less input) |                | Pensions / Retirement |              | Loan repayments |            | Trade Creditors |             | Auditor-General |              | Other           |              | Total         |            |                  |
|---|------------------|----------------------------|------------------|-------------|-----------------|-------------|-------------------------|----------------|-----------------------|--------------|-----------------|------------|-----------------|-------------|-----------------|--------------|-----------------|--------------|---------------|------------|------------------|
|   | Total            | %                          | Total            | %           | Total           | %           | Total                   | %              | Total                 | %            | Total           | %          | Total           | %           | Total           | %            | Total           | %            |               |            |                  |
| <b>A</b>                                    | <b>KZN2000</b>   | <b>eThekweni</b>           | <b>1 343 028</b> | <b>46.6</b> | <b>315 560</b>  | <b>11.0</b> | <b>143 565</b>          | <b>5.0</b>     | <b>-</b>              | <b>-</b>     | <b>146 568</b>  | <b>5.1</b> | <b>-</b>        | <b>-</b>    | <b>849 418</b>  | <b>29.5</b>  | <b>20</b>       | <b>0.0</b>   | <b>80 824</b> | <b>2.8</b> | <b>2 878 983</b> |
| B   | KZN212           | uMdoni                     | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | 371             | 100.0        | -               | -            | -             | -          | 371              |
| B   | KZN213           | uMzumba                    | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | 128             | 3.9          | -               | -            | 3 160         | 96.1       | 3 288            |
| B   | KZN214           | uMuziwabantu               | -                | -           | 1               | 0.2         | -                       | -              | -                     | -            | -               | -          | -               | -           | 540             | 99.8         | -               | -            | -             | -          | 542              |
| B   | KZN216           | Ray Nkonyeni               | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | 3 042           | 100.0        | -               | -            | -             | -          | 3 042            |
| C   | DC21             | Ugu DM                     | -                | -           | 288 876         | 67.9        | -                       | -              | -                     | -            | 1 364           | 0.3        | 129 119         | 30.4        | 2 144           | 0.5          | 3 703           | 0.9          | -             | -          | 425 207          |
| <b>Total: Ugu Municipalities</b>            |                  |                            | <b>-</b>         | <b>-</b>    | <b>288 877</b>  | <b>66.8</b> | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>1 364</b>    | <b>0.3</b> | <b>133 201</b>  | <b>30.8</b> | <b>2 144</b>    | <b>0.5</b>   | <b>6 863</b>    | <b>1.6</b>   | <b>-</b>      | <b>-</b>   | <b>432 450</b>   |
| B   | KZN221           | uMshwathi                  | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | 55              | 100.0        | -             | -          | 55               |
| B   | KZN222           | uMngeni                    | -                | -           | -               | -           | -                       | 5 630          | 56.7                  | -            | 4 306           | 43.4       | (12)            | (0.1)       | -               | -            | -               | -            | -             | -          | 9 925            |
| B   | KZN223           | Mpofana                    | 319 647          | 96.8        | -               | -           | -                       | -              | -                     | -            | -               | -          | 10 676          | 3.2         | 0               | 0.0          | -               | -            | -             | -          | 330 323          |
| B   | KZN224           | iMpindle                   | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 2 722           | 94.8        | -               | -            | 150             | 5.2          | -             | -          | 2 872            |
| B   | KZN225           | Msunduzi                   | 552 499          | 26.5        | 570 803         | 27.4        | -                       | 180 838        | 8.7                   | -            | -               | -          | 197 938         | 9.5         | 384 423         | 0.0          | 579 112         | 27.8         | -             | -          | 2 081 575        |
| B   | KZN226           | Mkhambathini               | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 73              | 10.1        | -               | -            | 647             | 89.9         | -             | -          | 720              |
| B   | KZN227           | Richmond                   | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 219           | 100.0       | -               | -            | -               | -            | -             | -          | 1 219            |
| C   | DC22             | uMgungundlovu DM           | -                | -           | (16 413)        | (1 232.5)   | -                       | -              | -                     | -            | -               | -          | 10 945          | 821.9       | -               | -            | 6 800           | 510.6        | -             | -          | 1 332            |
| <b>Total: uMgungundlovu Municipalities</b>  |                  |                            | <b>872 147</b>   | <b>35.9</b> | <b>554 390</b>  | <b>22.8</b> | <b>-</b>                | <b>186 468</b> | <b>7.7</b>            | <b>-</b>     | <b>4 306</b>    | <b>0.2</b> | <b>223 562</b>  | <b>9.2</b>  | <b>384</b>      | <b>0.0</b>   | <b>586 763</b>  | <b>24.2</b>  | <b>-</b>      | <b>-</b>   | <b>2 428 021</b> |
| B   | KZN235           | Okhahlamba                 | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 2 791           | 97.2        | -               | -            | 81              | 2.8          | -             | -          | 2 872            |
| B   | KZN237           | iNkosi Langalibalele       | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | 4 025           | 100.0        | -             | -          | 4 025            |
| B   | KZN238           | Alfred Duma                | -                | -           | -               | -           | -                       | -              | -                     | 1 334        | 6.8             | -          | 18 421          | 93.2        | -               | -            | -               | -            | -             | -          | 19 755           |
| C   | DC23             | uThukela DM                | -                | -           | -               | -           | -                       | -              | -                     | 2 175        | 5.5             | -          | 37 552          | 94.5        | -               | -            | -               | -            | -             | -          | 39 726           |
| <b>Total: uThukela Municipalities</b>       |                  |                            | <b>-</b>         | <b>-</b>    | <b>-</b>        | <b>-</b>    | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>3 509</b> | <b>5.3</b>      | <b>-</b>   | <b>58 764</b>   | <b>88.5</b> | <b>-</b>        | <b>-</b>     | <b>4 106</b>    | <b>6.2</b>   | <b>-</b>      | <b>-</b>   | <b>66 378</b>    |
| B   | KZN241           | eNdameni                   | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | 5               | 100.0        | -             | -          | 5                |
| B   | KZN242           | Nquthu                     | 115              | 0.5         | 196             | 0.9         | -                       | -              | -                     | -            | -               | -          | 19 660          | 90.3        | 103 767         | 0.5          | 1 694           | 7.8          | -             | -          | 21 768           |
| B   | KZN244           | uMsinga                    | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 643             | 100.0       | -               | -            | -               | -            | -             | -          | 643              |
| B   | KZN245           | uMvoti                     | 11 257           | 31.0        | -               | -           | -                       | -              | -                     | -            | -               | -          | 13 148          | 36.2        | -               | -            | 11 908          | 32.8         | -             | -          | 36 313           |
| C   | DC24             | uMzinyathi DM              | 120              | 0.0         | -               | -           | -                       | -              | -                     | -            | -               | -          | 20 393          | 5.7         | -               | -            | 335 450         | 94.2         | -             | -          | 355 963          |
| <b>Total: uMzinyathi Municipalities</b>     |                  |                            | <b>11 491</b>    | <b>2.8</b>  | <b>196</b>      | <b>0.0</b>  | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>-</b>        | <b>-</b>   | <b>53 844</b>   | <b>13.0</b> | <b>104</b>      | <b>0.0</b>   | <b>349 056</b>  | <b>84.2</b>  | <b>-</b>      | <b>-</b>   | <b>414 692</b>   |
| B   | KZN252           | Newcastle                  | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 275 825         | 99.3        | -               | -            | 1 835           | 0.7          | -             | -          | 277 660          |
| B   | KZN253           | eMadlangeni                | 2 058            | 26.7        | -               | -           | -                       | -              | -                     | -            | -               | -          | 822             | 10.6        | 887 633         | 11.5         | 3 953           | 51.2         | -             | -          | 7 720            |
| B   | KZN254           | Dannhauser                 | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 481             | 100.0       | -               | -            | -               | -            | -             | -          | 481              |
| C   | DC25             | Amajuba DM                 | -                | -           | 31 887          | 59.8        | -                       | -              | -                     | -            | -               | -          | 14 658          | 27.5        | 151             | 0.3          | 6 640           | 12.4         | -             | -          | 53 336           |
| <b>Total: Amajuba Municipalities</b>        |                  |                            | <b>2 058</b>     | <b>0.6</b>  | <b>31 887</b>   | <b>9.4</b>  | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>-</b>        | <b>-</b>   | <b>291 786</b>  | <b>86.0</b> | <b>1 038</b>    | <b>0.3</b>   | <b>12 427</b>   | <b>3.7</b>   | <b>-</b>      | <b>-</b>   | <b>339 197</b>   |
| B   | KZN261           | eDumbe                     | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 203           | 26.7        | -               | -            | 3 303           | 73.3         | -             | -          | 4 506            |
| B   | KZN262           | uPhongolo                  | 3 544            | 37.7        | -               | -           | 0                       | 0.0            | -                     | -            | -               | -          | 2 540           | 27.0        | (1)             | (0.0)        | 3 310           | 35.2         | -             | -          | 9 394            |
| B   | KZN263           | AbaQulusi                  | 20 745           | 42.7        | -               | -           | -                       | -              | -                     | 3 510        | 7.2             | -          | 24 310          | 50.1        | -               | -            | -               | -            | -             | -          | 48 565           |
| B   | KZN265           | Nongoma                    | 287              | 1.1         | -               | -           | -                       | -              | -                     | -            | -               | -          | 6 983           | 27.4        | -               | -            | 18 189          | 71.4         | -             | -          | 25 459           |
| B   | KZN266           | Ulundi                     | 131 662          | 100.0       | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | -               | -            | -             | -          | 131 662          |
| C   | DC26             | Zululand DM                | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 145 952         | 100.0       | -               | -            | -               | -            | -             | -          | 145 952          |
| <b>Total: Zululand Municipalities</b>       |                  |                            | <b>156 238</b>   | <b>42.7</b> | <b>-</b>        | <b>-</b>    | <b>0</b>                | <b>0.0</b>     | <b>-</b>              | <b>-</b>     | <b>3 510</b>    | <b>1.0</b> | <b>180 988</b>  | <b>49.5</b> | <b>(0)</b>      | <b>(0.0)</b> | <b>24 801</b>   | <b>6.8</b>   | <b>-</b>      | <b>-</b>   | <b>365 538</b>   |
| B   | KZN271           | uMhlabyalingana            | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | (2 619)         | 34.4        | -               | -            | (5 003)         | 65.6         | -             | -          | (7 623)          |
| B   | KZN272           | Jozini                     | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 083           | 98.5        | -               | -            | 17              | 1.5          | -             | -          | 1 100            |
| B   | KZN275           | Mtubatuba                  | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | (312)           | 2.5         | -               | -            | (12 095)        | 97.5         | -             | -          | (12 406)         |
| B   | KZN276           | Big Five Hlabisa           | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 148           | 65.2        | -               | -            | 614             | 34.8         | -             | -          | 1 762            |
| C   | DC27             | uMkhanyakude DM            | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | -               | -            | -             | -          | -                |
| <b>Total: uMkhanyakude Municipalities</b>   |                  |                            | <b>-</b>         | <b>-</b>    | <b>-</b>        | <b>-</b>    | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>-</b>        | <b>-</b>   | <b>(700)</b>    | <b>4.1</b>  | <b>-</b>        | <b>-</b>     | <b>(16 467)</b> | <b>95.9</b>  | <b>-</b>      | <b>-</b>   | <b>(17 167)</b>  |
| B   | KZN281           | uMfolozi                   | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 424           | 36.9        | -               | -            | 2 436           | 63.1         | -             | -          | 3 860            |
| B   | KZN282           | uMhlatuze                  | 148 545          | 64.6        | 18 371          | 8.0         | -                       | -              | -                     | -            | -               | -          | 62 351          | 27.1        | 326 413         | 0.1          | 314             | 0.1          | -             | -          | 229 908          |
| B   | KZN284           | uMlalazi                   | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 329           | 68.0        | -               | -            | 626             | 32.0         | -             | -          | 1 955            |
| B   | KZN285           | Mthonjaneni                | 4 708            | 18.3        | -               | -           | -                       | -              | -                     | -            | -               | -          | 4 685           | 18.2        | -               | -            | 16 293          | 63.4         | -             | -          | 25 686           |
| B   | KZN286           | Nkandla                    | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | (664)           | 2.4         | (71 843)        | 0.3          | (26 680)        | 97.3         | -             | -          | (27 416)         |
| C   | DC28             | King Cetshwayo DM          | -                | -           | 557 505         | 92.3        | -                       | -              | -                     | -            | -               | -          | 46 576          | 7.7         | -               | -            | -               | -            | -             | -          | 604 081          |
| <b>Total: King Cetshwayo Municipalities</b> |                  |                            | <b>153 254</b>   | <b>18.3</b> | <b>575 876</b>  | <b>68.7</b> | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>-</b>        | <b>-</b>   | <b>115 702</b>  | <b>13.8</b> | <b>254 570</b>  | <b>0.0</b>   | <b>(7 012)</b>  | <b>(0.8)</b> | <b>-</b>      | <b>-</b>   | <b>838 075</b>   |
| B   | KZN291           | Mandeni                    | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 034           | 24.9        | -               | -            | 3 120           | 75.1         | -             | -          | 4 154            |
| B   | KZN292           | KwaDukuza                  | -                | -           | -               | -           | -                       | -              | -                     | 6 585        | 24.6            | -          | 20 167          | 75.4        | -               | -            | -               | -            | -             | -          | 26 752           |
| B   | KZN293           | Ndwedwe                    | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 147             | 11.3        | -               | -            | 1 146           | 88.7         | -             | -          | 1 292            |
| B   | KZN294           | Maphumulo                  | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 4 144           | 99.7        | -               | -            | 14              | 0.3          | -             | -          | 4 158            |
| C   | DC29             | iLembe DM                  | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 3 781           | 100.0       | -               | -            | -               | -            | -             | -          | 3 781            |
| <b>Total: iLembe Municipalities</b>         |                  |                            | <b>-</b>         | <b>-</b>    | <b>-</b>        | <b>-</b>    | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>6 585</b> | <b>16.4</b>     | <b>-</b>   | <b>29 272</b>   | <b>72.9</b> | <b>-</b>        | <b>-</b>     | <b>4 279</b>    | <b>10.7</b>  | <b>-</b>      | <b>-</b>   | <b>40 137</b>    |
| B   | KZN433           | Greater Kokstad            | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 2 976           | 100.0       | -               | -            | -               | -            | -             | -          | 2 976            |
| B   | KZN434           | uBuhlebezwe                | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 1 843           | 27.2        | -               | -            | 4 942           | 72.8         | -             | -          | 6 784            |
| B   | KZN435           | uMzimkhulu                 | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | -               | -            | -             | -          | -                |
| B   | KZN436           | Dr. Nkosazana Dlamini Zuma | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | -               | -           | -               | -            | -               | -            | -             | -          | -                |
| C   | DC43             | Harry Gwala DM             | -                | -           | -               | -           | -                       | -              | -                     | -            | -               | -          | 4 855           | 100.0       | -               | -            | -               | -            | -             | -          | 4 855            |
| <b>Total: Harry Gwala Municipalities</b>    |                  |                            | <b>-</b>         | <b>-</b>    | <b>-</b>        | <b>-</b>    | <b>-</b>                | <b>-</b>       | <b>-</b>              | <b>-</b>     | <b>-</b>        | <b>-</b>   | <b>9 674</b>    | <b>66.2</b> | <b>-</b>        | <b>-</b>     | <b>4 942</b>    | <b>33.8</b>  | <b>-</b>      | <b>-</b>   | <b>14 616</b>    |
| <b>Total</b>                                |                  |                            | <b>2 538</b>     |             |                 |             |                         |                |                       |              |                 |            |                 |             |                 |              |                 |              |               |            |                  |



Annexure J : Criteria for serious financial problems - 4th Quarter 2021/22 (Continued...)

| R000                                 | Municipality meeting one or more criteria for financial problems | Comments   |
|--------------------------------------|--|--|
| A KZN2000 eThekweni                  | TRUE   | The outstanding creditors are attributable to: (1) Inclusion of short-term debt in the creditors balance; (2) Retentions; (3) Disputes with suppliers; (4) Rejected payments attributable to discrepancies between details on the Central Supplier Database (CSD) and the payment details as per the invoices; (4) Irregular expenditure which requires internal processes to be followed before the payment can be concluded. Therefore, there are no financial problems at the municipality.   |
| B KZN212 uMdoni                      | -  |  |
| B KZN213 uMzambe                     | TRUE   | Whilst the municipality has incurred an Operating deficit, there are no apparent financial problems at the municipality. The municipality originally budgeted for the Operating Deficit in the 2021/22 Approved Budget and the Operating Deficit is not limited to non-cash items. The municipality is advised to adopt stringent budgetary controls that will assist in curbing the expenditure in order to sustain the municipality. Furthermore, the municipality should implement the Cost cutting measures to reduce the operating expenditure.   |
| B KZN214 uMuziwabantu                | -  |  |
| B KZN216 Ray Nkonyeni                | -  |  |
| C DC21 Ugu DM                        | TRUE   | The municipality appears to be facing serious financial problems as it operated with an unfunded Budget for the 2021/22 financial year. As at 30 June 2022, the municipality owed R276.8 million to Umgeni Water Board. While the municipality approved a funded 2022/23 Annual Budget, the funding of which is largely due to a repayment arrangement entered into by the municipality with Umgeni Water Board for a significant long outstanding debt.   |
| B KZN221 uMshwathi                   | TRUE   | Whilst the municipality has reported an Operating deficit, there are no apparent financial problems at the municipality. The municipality's reporting in the monthly MFMA Section 71 data strings is largely incorrect as the Operating revenue has been significantly understated due to an error in the reporting of Equitable Share. This has caused the municipality to incorrectly report an Operating deficit in their MFMA Section 71 data strings. The municipality received a qualification on their 2020/21 Annual Financial Statements as their Roads, Furniture and Fittings and Vehicles were undervalued. The municipality needs to record their assets in line with GRAP 17, however the qualification matter is not an indication of financial distress.   |
| B KZN222 uMngeni                     | TRUE   | Whilst the municipality has reported an Operating deficit, there are no apparent financial problems at the municipality. The municipality's reporting in the monthly MFMA Section 71 data strings is largely incorrect as the reported Creditors of R4.3 million relates to loans which were incorrectly reported under Creditors. The municipality indicated that it has positive cash reserves of R3.8 million.  |
| B KZN223 Mpofana                     | TRUE   | The Mpofana Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality has a long outstanding debt from Eskom which is reported as Creditors over 90 days and is still negotiating a payment plan with Eskom for the debt. The municipality is still not monitoring and controlling expenditure which has resulted in a significant Operating deficit. There are no major discrepancies in the municipality's reporting.  |
| B KZN224 iMpendle                    | TRUE   | The Operating deficit of R9.4 million may be incorrect as the Schedule C tabled to Council for Quarter 4 has reported an Operating deficit of R2.8 million. The actual expenditure for the Employee related costs, Remuneration of councillors and Operating expenditure line items have exceeded the budget for each line item for the 2021/22 financial year. The municipality is thus showing signs of financial distress.  |
| B KZN225 Msunduzi                    | TRUE   | The Msunduzi Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The municipality is currently experiencing cash flow changes as they have noted decreased cash inflows within the past year which they believe is attributable to the effect of the COVID-19 pandemic. The municipality's Electricity and Water debts have grown in the meantime to significant amounts therefore contributing to a significant Creditor total which is evidence of the existence of serious financial problems at the municipality. The municipality is in the process of negotiating repayment plans with both Eskom and the Umgeni Water Board.   |
| B KZN226 Mkhambathini                | TRUE   | The municipality reported an increase in the Contracted services and Other expenditure line items for Operating expenditure with no corresponding increase in Operating revenue. This has resulted in an Operating deficit and the municipality using reserves to finance the increasing expenditure. However, it must be noted that the municipality has reported a positive cash balance for the year to date.   |
| B KZN227 Richmond                    | TRUE   | The municipality has reported an Operating deficit as at 30 June 2022, however the reported deficit is limited to the non cash items. The municipality has also indicated that they have a positive cash balance and are therefore not in financial distress.  |
| C DC22 uMgungundlovu DM              | -  |  |
| B KZN235 Okhahlamba                  | TRUE   | The municipality reported an Operating deficit of R31.3 million as at the end of June 2022. Furthermore, the municipality budgeted for Operating deficits both in the 2021/22 financial year and over the 2022/23 MTREF. The municipality was guided and advised in the feedback to the 2021/22 and the 2022/23 Budgets to ensure compliance with MFMA Circular No. 72 which encourages municipalities to eradicate non-priority spending which in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. However, the Operating deficit is largely due to non-cash items totalling R40.8 million. As at the end of June 2022, the municipality has total Cash and cash equivalents of R56.5 million as per the Bank statement and Investment register therefore collectively, there are no apparent financial problems at the municipality.   |
| B KZN237 iNkosi Langatibalele        | TRUE   | The Creditors owed that were over 90 days in the fourth quarter were as a result of disputes with suppliers. The municipality has indicated that legal issues have arisen in settling the dispute with the Natal Joint Pension Fund and the uThukela District Municipality. The municipality received a disclaimer of audit opinion for the 2020/21 financial year primarily due to a lack of supporting documentation. As at the end of June 2022, the municipality has total Cash and cash equivalents of R101.1 million as per the Bank statement and Investment register therefore collectively, there are no apparent financial problems at the municipality.   |
| B KZN238 Alfred Duma                 | TRUE   | The municipality indicated that the Creditors reported over 90 days are incorrect which will be corrected before the closure of the National Treasury Database. The municipality further indicated that there are no Creditors which are outstanding for over 90 days therefore there are no apparent financial problems at the municipality.  |
| C DC23 uThukela DM                   | TRUE   | The uThukela District Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. The Creditors over 90 days are attributed to the unfavourable cash position in the municipality. The municipality indicated that the process of finalising the new repayment plans with Umgeni Water and the Department of Water and Sanitation is in progress. It should however be noted that the Creditors over 90 days of R57.2 million is significantly understated in relation to the outstanding balance of R194.5 million in the over 120 days category as per the MFMA Section 41 report at the end of June 2022.  |
| B KZN241 eNdameni                    | TRUE   | The municipality has understated their Total creditors as their Section 71 Creditors Monthly-M12 data strings does not appear to include the debt owed to Eskom of R81.1 million, of which R34.8 million is outstanding for longer than 90 Days as at 30 June 2022. The municipality indicated that this was due to challenges with its financial system, that the municipality intends engaging its system vendor in this regard, that the municipality has signed payment agreements with Eskom to pay the arrear amounts over a period of time which terminate in October 2023 and June 2024 respectively.  |
| B KZN242 Nquthu                      | TRUE   | The municipality indicated that their Section 71 Creditors Monthly-M12 data string is incorrect, therefore the Creditors reflected as outstanding in the over 90 days is also incorrect, that the Creditors balance relates in the main to its June 2022 Creditors and that it is working with its system vendor to correct its data strings accordingly.  |
| B KZN244 uMsinga                     | -  |  |
| B KZN245 uMvoti                      | TRUE   | The municipality indicated that the Creditors balance in the over 90 days' category of R10.2 million as at 30 June 2022 includes retentions currently held of approximately R8.2 million which they believe overstates their Section 71 Creditors Monthly-M12 balance and that the majority of the balance relates to invoices from the uMzinyathi District Municipality which are currently under dispute.  |
| C DC24 uMzinyathi DM                 | TRUE   | The municipality indicated that their Section 71 Creditors Monthly-M12 data string balance of R130.4 million in the over 90 days' category is due to the financial difficulties currently being faced by the municipality. The municipality is also currently under intervention in terms of Section 139(1)(b) of the Constitution and has an Interim Finance Committee in place to assist with the management of the payment of its Creditors.<br><br>The municipality is showing a Deficit of R363.1 million against an Adjustments Budget Deficit of R53.2 million as at 30 June 2022. The municipality indicated that current Deficit of R363.1 million is due to the financial difficulties currently being faced by the municipality. The municipality further approved an unfunded Budget for the 2022/23 financial year together with an Updated Budget funding plan which was assessed as not being credible by Provincial Treasury.  |
| B KZN252 Newcastle                   | TRUE   | The municipality has indicated that the bulk of the Creditors outstanding as at 30 June 2022 in the over 90 days' category is attributable to amounts owing to Eskom and uThukela Water as the municipality is currently facing cash flow challenges. The municipality further indicated that it has a signed payment agreement with Eskom to pay the arrear amount over a period of time with the final instalment being due in August 2023. The municipality has further confirmed that even though they owe uThukela Water for bulk water supply, there is however currently no payment arrangement in place to settle this debt. The municipality has indicated that the discussions between the Newcastle Local Municipality and uThukela Water regarding the payment agreement in respect of the arrear debt are still underway and have not been finalised.<br><br>The municipality has misstated their Trade creditors total as their Section 71 Creditors Monthly-M12 data strings does not show the aged Bulk electricity debt owed to Eskom and the aged Bulk water owed to uThukela Water as at 30 June 2022.  |
| B KZN253 eMadlangeni                 | TRUE   | The municipality indicated that the reason for having total Creditors outstanding for more than 90 days of R7.1 million in their Section 71 Creditors Monthly-M12 data string is due to the cash flow challenges being experienced by the municipality.  |
| B KZN254 Danthausen                  | TRUE   | Whilst the municipality received a qualified audit opinion in the 2020/21 financial year, the municipality does not appear to be facing any serious financial problems.  |
| C DC25 amaJoba DM                    | TRUE   | According to the municipality, the majority of the Creditors balance of R35.9 million as at 30 June 2022 in the over 90 days' category as per their Section 71 Creditors Monthly-M12 data string relates to Bulk water owed to uThukela Water which has been outstanding from prior years and has been carried over to the current financial year. The municipality has indicated that it has entered into a payment arrangement with uThukela Water to settle the outstanding debt. The municipality further indicated that the Cash and cash equivalents for the 2020/21 and 2021/22 financial years are incorrect due to incorrect In-Year Monthly M12 data strings submitted and that the correct figures are R44.6 million for 2020/21 as per the 2020/21 audited AFS and R71.2 million (Investments and primary bank account) for 2021/22 as at 30 June 2022.  |
| B KZN261 eDumbe                      | TRUE   | The municipality received a qualified audit opinion in the 2020/21 financial year and an Audit Action Plan is in place to address matters identified by Auditor General. Therefore, the municipality is currently not in financial distress.   |
| B KZN262 uPhongolo                   | -  |  |
| B KZN263 Abaqulusi                   | TRUE   | The Abaqulusi Local Municipality indicated that there is a court case involving Quantum Lip and they had to stop paying that supplier until the matter is finalised in court. Another reason cited by the municipality for not paying their Creditors is that their financial system does not process payments to suppliers who have issues on the Central Supplier Database (CSD) such as their tax matters. The municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality appears to be facing financial problems as it has approved an unfunded Budget for the 2022/23 financial year together with an updated Budget funding plan which was assessed as not being credible by Provincial Treasury.   |
| B KZN265 Nongoma                     | TRUE   | The municipality indicated that the long outstanding Creditors consist of two Creditors, namely SALGA and Department of Labour and the municipality has payment arrangements in place with these Creditors. However, Provincial Treasury noted that the Creditors owed over 90 days increased from R6.9 million in third quarter to R8.9 million in the fourth quarter. However, the municipality indicated that the increase is due to another invoices that were not paid in the during the financial year and they had to be added in the fourth quarter. The reported Operating deficit is largely attributed to the grant revenue for the second half of the financial year that did not pull through to the mSCOA data strings due to challenges with the grant module and over spending on non-cash item of R5.6 million and Other expenditure R6.5 million.  |
| B KZN266 Ulundi                      | TRUE   | The municipality has a long outstanding debt with Eskom and the municipality is unable to meet its payment obligations due to financial challenges. The Ulundi Local Municipality defaulted on the repayment plan and a breach notice was issued by Eskom on 10 March 2022. As a result, the Intergovernmental Relations Framework Act, Act 13 of 2005 (IRFA) process was initiated which is now at the mediation stage with the KZN Department of Co-Operative Governance and Traditional Affairs (CoGTA) acting as mediator.<br><br>The municipality budgeted for Operating deficits in the 2021/22 financial year. The municipality was guided and advised in the 2021/22 Approved Budget feedback to ensure compliance with the MFMA Circular No. 72, which encourages municipalities to eradicate non-priority spending, in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. It was noted that the Operating deficit is largely due to non-cash items amounting to R27.1 million, under generation of R28.2 million for Service charges - electricity as well as overspending of R8.6 million and R24.2 million on Bulk purchases and Contracted Services respectively.   |
| C DC26 Zululand DM                   | TRUE   | It was noted that the Operating deficit is largely due to non-cash items amounting to R88.2 million, as well as overspending of R18 million and R5 million on Contracted Services and Other expenditure respectively. Therefore, there are no apparent financial problems at the municipality.   |
| B KZN271 uMhlabuyalingana            | -  |  |
| B KZN272 Jozini                      | TRUE   | Despite budgeting for an Operating surplus of R4.4 million in the 2021/22 Adjustments budget, the Jozini Local Municipality has reported an operating deficit of R49.1 million as at the end of Quarter 4 of the 2021/22 financial year. The reported Operating deficit of R49.1 million represents 18.2 percent of the Direct Revenue (Total Operating Revenue). In the Section 71 report as at 30 June 2022, the municipality has reported Total Operating Revenue (Direct revenue) of R269.8 million or 89.6 percent against the Adjusted budget of R301.1 million and Total Operating Expenditure of R316.9 million or 107.5 percent against the Adjusted budget of R296.7 million.<br><br>According to the municipality, the main reasons for the under-generation of revenue which contributed to the Operating deficit was due to the municipality overstating the budget for interest earned - outstanding debtors as a result of incorrectly budgeting for interest relating to Organs of state debtors despite a Council resolution waiving the charging of interest related to these debtors in the 2021/22 financial year. Additionally, the budgeted amount for Other revenue was overstated due to the municipality incorrectly budgeting for anticipated VAT receipts in the operating statement.<br><br>A further contributing factor to the Operating deficit is the high operating expenditure incurred which significantly exceeded the budget for Employee related costs, which according to the municipality is due to the fast tracking of critical vacant positions. Furthermore, there was an unanticipated increase/under-budgeted amounts for disbursements caused by the easing of lock down restrictions. Expenditure against the budget for Contracted services was also exceeded due to the easing of lock down restrictions which resulted in some projects which were initially put on hold and not budgeted for in the 2021/22 financial year having to be implemented. Over expenditure against Transfers and subsidies was also incurred due to expenditure related to the INEP allocation being reported against this expenditure line item despite the municipality acting as an agent. The municipality confirmed that the amount would be reversed as part of the 2021/22 AFS preparation process. The municipality is reminded that any expenditure over and above the budgeted amount which meets the definition of an unauthorised expenditure will have to be investigated when finalising the Annual Financial Statement and thereafter dealt with in terms of Section 32 of the MFMA. |
| B KZN275 Mthabuba                    | TRUE   | The Mthabuba Local Municipality is still experiencing challenges in the use of various modules on the financial system mainly with the grants, liabilities and cash flow reporting where extracted reports from the financial system reflect incorrectly mapped information. This has resulted in the various Section 71 reports reflecting inaccurate information for grants, capital and cash flows, for instance total creditors balance is reported as a negative amount of R4.2 million as at 30 June 2022.<br><br>The negative cash and cash equivalent balance of R3.96 million 30 June 2022 (R3 000, 30 June 2021) is clearly inaccurate. According to the municipality, they are currently in the process of engaging their service provider to rectify their Section 71 reports to ensure that more accurate Section 71 information is signed off as part of the ongoing verifications process and committed to ensuring that the 2021/22 Draft AFS to be submitted on 31 August 2022 will reflect accurate information. As per the Section 52(d) Quarterly Report submitted for Quarter 4, the municipality has R6.6 million as Cash and cash equivalent balance and R14 million for creditors as at the end of June 2022. Of the total outstanding creditors balance of R14 million, an amount of R8.6 million or 61.2 percent is outstanding for a period of greater than 90 days.<br><br>The Mthabuba Local Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) of the Constitution. As part of the intervention process, all payments to Creditors are first approved by an Interim Finance Committee. According to the municipality, Creditors outstanding for a period of greater than 90 days are mainly due to disputes where work performed before the commencement of the intervention cannot be verified and will therefore remain on the creditors list until disputes are resolved.  |
| B KZN276 Big Five Hibisa             | TRUE   | As per the Big Five Hibisa Local Municipality, the Creditors balance reflected in the MFMA Section 71 reporting is incorrect due to incorrect use of mSCOA data strings. The correct creditors balance over 90 days amounts to R39 385, which is a merely 3.7 percent of the correct Creditors balance of R1.1 million.  |
| C DC27 uMkhanyakude DM               | TRUE   | As per the Section 71 Report (Month 11), the uMkhanyakude District Municipality reflected Creditors balance of R158.2 million outstanding in the greater than 90 days' category, which also include outstanding amount for bulk water. The Section 71 report (Month 12), including Creditors and Debtors ageing reports as at 30 June 2022 have not been submitted by the municipality due to challenges with the municipal server and political instability at the municipality. A correspondence to that effect dated 14 July 2022 from the Ministerial Representative was received by Provincial Treasury on 16 July 2022. As per the 2020/21 audited AFS, the municipality had long outstanding creditors which were due for a period of over 90 days and were carried over to the 2021/22 financial year.<br><br>The uMkhanyakude District Municipality is one of the municipalities identified by National Treasury to be in financial distress. The municipality is currently under intervention in terms of Section 139(1)(b) and Section 139(4) of the Constitution due to the fact that the district municipality has failed to approve their 2022/23 Annual Budget before the start of the financial year. The municipality is facing cash flow challenges and as a result, the municipality has included payments of long outstanding Creditors over the next few financial years as a priority as part of their 2022/23 MTREF Budget and Budget Funding Plan, yet to be approved by Council.<br><br>As part of the Section 139(1)(b) intervention process, all payments to Creditors are first approved by an Interim Finance Committee (IFC), which is chaired by the Ministerial Representative. The municipality has a signed payment agreement with uMhlabuze Water Board to pay arrear amount over a period of time. The municipality indicated that they have not been able to fully honour the payment agreement, however one invoice has recently been paid. The Ministerial Representative has further instructed that the agreed payment plan be strictly adhered to going forward. As at 30 June 2022, an agreement with the Department of Water and Sanitation has been drawn up to pay off the arrear debt at a rate of R2 million per quarter, in line with the receipt of the Equitable Share Grant. The municipality has committed to paying the current account every month.   |
| B KZN281 uMfolozi                    | TRUE   | The municipality budgeted for Operating deficits in the 2021/22 financial year. The municipality was guided and advised in the 2021/22 Approved Budget feedback to ensure compliance with the MFMA Circular No. 72, which encourages municipalities to eradicate non-priority spending, in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. It was noted that the Operating deficit is largely due to non-cash items amounting to R22.2 million, as well as overspending of R10.5 million for Other expenditure. As at the end of June 2022, the municipality has total Cash and cash equivalents of R21.8 million as per the Bank statement and Investment register collectively. There are no apparent financial problems at the municipality.   |
| B KZN282 uMhlabuze                   | TRUE   | The amount shown as greater than 90 days relates to accrued invoices from the district municipality for services provided to the former Ntambanana Municipality which is still in dispute. Expenditure increased due to an additional request for Water tankers due to a delay in Capital projects as well as repairs to aging infrastructure for Water pipelines as well as non-cash items, which contributed to the operating deficit. There is no apparent indication of the financial crisis at the municipality.  |
| B KZN284 uMlalazi                    | TRUE   | It was noted that the Operating deficit is largely due to non-cash items amounting to R51.5 million for Depreciation and impairment of assets and R7.5 million for Debt impairment. The municipality has generated 33.8 percent or R4.5 million from Fines, penalties and forfeits from Adjusted budget of R13.3 million. Furthermore, there is generation of R758 000 or 10.8 percent on Gains from the Adjusted budget of R7 million. The municipality indicated that a service provider was recently appointed to assist the municipality in resolving challenges with traffic fines management. The municipality also anticipated gains from sale of land which was delayed due to internal processes that still needs to be finalised. Therefore, there are no apparent financial problems at the municipality.   |
| B KZN285 Mthorjaneni                 | -  |  |
| B KZN286 Nkanda                      | -  |  |
| C DC28 King Cetshwayo DM             | TRUE   | The amount reflected in the Over 90 days category, as at the end of June 2022, of R450.2 million is mainly attributable to the bulk water amount owed to uMhlabuze Local Municipality, Umgeni Water and Department of Water and Sanitation (DWS), which has inflated the Creditors reported, due to disputes with these service providers over tariffs charged, as well as the lack of supporting documentation and abstraction amount for quantities by DWS, which still need to be resolved. The disputes and negotiations are still in progress.<br><br>The municipality was guided and advised in the 2021/22 Approved Budget feedback to ensure compliance with the MFMA Circular No. 72, which encourages municipalities to eradicate non-priority spending, in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. It was noted that the reported Operating deficit is mainly attributed to the Depreciation amount of R119.9 million, which is a non-cash item. Furthermore, the municipality also financed operational expenditure amounting to R31.6 million utilising Cash reserves, whilst municipalities were advised that Cash reserves should be prioritised for Capital infrastructure projects.  |
| B KZN291 Mandeni                     | -  |  |
| B KZN292 KwaDukuza                   | TRUE   | The KwaDukuza Local Municipality confirmed that the creditors balance of R1.2 million reflected in the over 90 days category relates to invoices received from suppliers and processed by the SCM unit. On receipt of invoices from the SCM Unit, the relevant business unit approves the invoice in order for the finance department to process the payment. The amount of R1.2 million reflected in the over 90 days category relates to invoices not yet approved by the relevant business unit due to various queries which must first be rectified with the supplier before being processed for payment. The municipality confirmed that the bulk of the creditors balance reflected as at 30 June 2022 in the over 90 days category reflected have been successfully processed for payment in July 2022.   |
| B KZN293 Ndwedwe                     | -  |  |
| B KZN294 Maphumulo                   | TRUE   | As at the end of Quarter 4 of the 2021/22 financial year, the Maphumulo Local Municipality has reported an operating deficit of R23.8 million, which represents 23.3 percent of the Direct Revenue (Total Operating Revenue). According to the municipality, the figures reported in the Section 71 report are incorrect as grant revenue for the second half of the financial year amounting to R28.2 million did not pull through to the mSCOA data strings due to mapping challenges when the system was upgraded to allow for seamless integration between the general ledger and sub-modules such as asset management, grants and cashbook modules amongst others. The system service provider is aware of these challenges and committed to resolve them before the finalisation of AFS.   |
| C DC29 iLembe DM                     | -  |  |
| B KZN433 Greater Kokstad             | TRUE   | The municipality attributed the Creditors balance over 90 days to Retentions where payments have to be withheld until all criteria in relation to each project are met. The Operating deficit is due to non cash items such as Depreciation and asset impairment and Debt impairment. There are thus no financial problems at the municipality.  |
| B KZN434 uBuhlebezwe                 | TRUE   | The municipality reported an Operating deficit of R20.9 million as at the end of June 2022. Furthermore, the municipality budgeted for Operating deficits both in the 2021/22 financial year and over the 2022/23 MTREF. The municipality was guided and advised in the feedback to the 2021/22 and the 2022/23 Budgets to ensure compliance with MFMA Circular No. 72 which encourages municipalities to eradicate non-priority spending which in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. However, the Operating deficit is largely due to non-cash items totalling R44.1 million. As at the end of June 2022, the municipality has total Cash and cash equivalents of R260.4 million as per the Bank statement and Investment register therefore collectively, there are no apparent financial problems at the municipality.  |
| B KZN435 uMzimkhulu                  | TRUE   | The municipality reported an Operating deficit of R20.9 million as at the end of June 2022. Furthermore, the municipality budgeted for Operating deficits both in the 2021/22 financial year and over the 2022/23 MTREF. The municipality was guided and advised in the feedback to the 2021/22 and the 2022/23 Budgets to ensure compliance with MFMA Circular No. 72 which encourages municipalities to eradicate non-priority spending which in order to minimise the Operating deficit and that if the municipality does not address the Operating deficit, it may result in the municipality experiencing financial problems in the near future. However, the Operating deficit is largely due to non-cash items totalling R44.1 million. As at the end of June 2022, the municipality has total Cash and cash equivalents of R260.4 million as per the Bank statement and Investment register therefore collectively, there are no apparent financial problems at the municipality.  |
| B KZN436 Dr. Nicosazana Dlamini Zuma | -  |  |
| C DC43 Harry Gwala DM                | TRUE   | The municipality reported an Operating deficit of R33.9 million as at the end of June 2022 which is due to non-cash items such as Depreciation and asset impairment. The Cash and cash equivalents balance of negative R100.2 million as per the MFMA Section 71 report is incorrect. The municipality has total Cash and cash equivalents of R59.7 million as per the Bank reconciliation and Investment register as at the end of June 2022. Therefore, collectively, there are no apparent financial problems at the municipality.  |
| <b>Total</b>                         | <b>40</b>  |  |