

FIRST DRAFT  
30 January 2007

# SENQU MUNICIPALITY



## ANNUAL REPORT 2005/6

## VISION STATEMENT

Senqu Municipality will be an efficient and democratic institution able to provide quality and affordable services and promote sustainable development and growth of her citizenry, through integrated planning and optimal use of resources, thus creating a better life for all.

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1.

**INTRODUCTION**

**AND**

**OVERVIEW**

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## 1.1. **MAYOR'S FOREWORD**

The presentation of Senqu Municipality's Annual Report provides me with a wonderful opportunity to examine, evaluate and report on the successes experienced and the challenges faced by our Municipality within the 2005/2006 financial year. It provides me with an opportunity to provide the community with an accurate account of the measure of actual performance against committed goals and objectives and this also provides a detailed account of the areas of success; areas requiring focus and the many challenges that we continue to face both institutionally and as a community.

As reflected within the 2005/2006 IDP Review, a number of priority issues were identified during the community outreach programmes and after consultation between the Executive Committee and Senior Management. This report will reflect directly on the extent to which we were able to address these prioritized areas.

**INSERT PICTURE OF MAYOR  
HERE.....**

This report will also detail certain shortcomings (such as backlogs experienced in regard to rural electrification; basic access to roads and stormwater; water sanitation services; and the like), and it will also highlight the progress made within all aspects of service delivery.

I am also extremely pleased to note that the core values identified within the IDP are translating themselves into "lived values" and in this manner we are able to do justice to the community at large.

These core values are central to achieving an organisation that is effective in meeting the needs of its community and are reflected as follows :

- ◇ Quality of service and performance excellence;
- ◇ Commitment and teamwork;
- ◇ Integrity, honesty and respect;
- ◇ Accountability and transparency;
- ◇ Participation and empowerment; and
- ◇ Learning and development

Our goal remains to promote sustainable, economic and social development, supported by the provision of quality and affordable services, together with the enhancement of the capacity of the Municipality.

It is with great pleasure that I hereby present you with Senqu Municipality's Annual Report for 2005/2006. In doing so, I must acknowledge the invaluable contributions made, not only by the political leadership, but also by our administrative staff and officials generally. Without their efforts and dedication, Senqu Municipality would not have been able to meet the needs of the community in the manner that it has. I look forward to continued and sustained growth and service excellence.

.....  
Z.I. DUMZELA – MAYOR

.....  
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## 1.2. MUNICIPAL MANAGER'S REPORT

This past year (2005/2006) has yet again provided me with enormous challenges and opportunities to ensure that Senqu Municipality remains at the "top of its game" and continues to provide the community with effective and efficient services, whilst operating within various resource constraints.

The challenges have been many and varied and the most worthy of mention, will be touched on briefly as follows :

- Within **corporate governance** the emphasis has been on creating an environment in which the Audit Committee is able to function both effectively and optimally in terms of their mandate.
- Every effort has been made to improve **communication**, both on an external and internal level and therefore to improve on operational efficiency and effectiveness.
- In an effort to optimize performance and resource management internally, **development and capacity-building programmes initiated** have focused on improving people management; developing systems and processes; and on introducing better monitoring and evaluation processes.
- **Democracy and Community Engagement** efforts have resulted in strategic and operational plans being developed and implemented in order to ensure that democracy is deepened; that there is a concerted customer and residence focus; that community participation is fostered; and that communication at every level with the community and external agencies is formally improved.
- As with any form of growth and development, **leadership and learning** become paramount for success. In order to positively foster all elements of change, every effort has been made to formally engage in change management practices and processes; and to use innovation and creativity to further facilitate the positive effects of change and a new leadership style, by ensuring that conditions for increased motivation and capacity building are created. In so doing, partnerships and alliance building between divisions and sections are encouraged, both to improve operational functioning and to create a climate of service excellence.
- As with all aspects of growth and ensuring heightened service delivery within the municipal context, an even greater challenge is the ability to ensure **sustainable development and growth** within this context.

Through improved communication networks and processes (both internally and externally), efforts and plans have been made and undertaken in order to ensure that all involved and affected parties have a **thorough understanding of the developmental challenges** facing Senqu Municipality in respect of its service delivery mandate. In this manner strategic plans have been put in place to ensure sustainable development and growth.

As always our focus is to ensure that we develop strategies, revitalization plans, sectoral plans and key policies in order to ensure that Senqu Municipality is in a position to maintain and uplift existing infrastructure and resources, whilst ensuring effective service delivery provision to the rural areas.

Officials and politicians have worked at great lengths towards ensuring that short- and long-term objectives are met in the most efficient and cost-effective manner. This, notwithstanding the ever-present resource challenges, such as :

financial, systems, institutional architecture, community empowerment and the ongoing general local government transformation issues.

I wish to place on record my sincere thanks and appreciation to all parties that have assisted in enabling us to reach our goals and objectives during the past year. More specifically, I wish to thank our Mayor, Mr Z I Dumzela for his continued and unwavering support and guidance, together with the Executive Committee. To my Departmental Heads and staff - let me thank you for all your hard work and commitment – you make up this Municipality and without your efforts we would not have achieved the successes that we have, this year. May we continue to develop and grow into our future, ensuring that Senqu Municipality is recognised as a leading Municipality.

**M M YAWA**  
**MUNICIPAL MANAGER**

**DATE:** \_\_\_\_\_



### 1.3. **EXECUTIVE SUMMARY**

Municipalities by their very nature are faced with huge challenges that befit this sphere of government. Politically, economically and socially, Local Government is required or at least expected to ensure that very strong steps and progress is made in order to alleviate poverty, deliver basic services, and to facilitate involvement of other service providers within this domain – thereby also aiming to stimulate the economy and to ensure that job opportunities are created.

These issues and the focus on delivering on its Constitutional Mandate have ensured that Senqu Municipality has yet again experienced a tremendously challenging yet rewarding year.

Meeting the needs and expectations of the community whilst taking into account the limits facing us as a result of the resources available, will always remain a challenge not to mention a highly focused goal.

The Executive Summary is intended to provide you with a statement of the overall goals and priorities, as well as the mission and vision of this Municipality and the extent to which this will impact on the community. A short statement of the Municipality's relative financial health and important administrative considerations will also be given hereunder.

#### **VISION STATEMENT**

***“To be an efficient and democratic institution, able to provide quality and affordable services and promote sustainable development and growth of her citizenry through integrated planning and optimal use of resources, thus creating a better life for all.”***

#### **MISSION STATEMENT**

***“Senqu Municipality will strive to create a conducive environment for active citizenry in governance, provide efficient and affordable quality services and stimulate economic growth through effective planning and democratic practices.”***

### **STRATEGIC DIRECTION FOR SENQU**

The following priority issues were identified during the community outreach programmes and consultation both with the Executive Committee and senior management during the 2004/2005 financial year.

They also take into account the needs analysis of the original IDP :

- Institutional capacity building
- Institutional restructuring
- Water and sanitation
- Addressing HIV/Aids
- Stimulating the economy with special emphasis on agriculture
- Roads and stormwater
- Electricity provision
- Housing provision and the acquisition of land

In achieving these goals and prioritized areas of action, every effort will be made to ensure that the core values of Senqu Municipality translate into “lived values” at every level of service delivery and administrative functioning.

These core values are :

1. **Quality of service and performance excellence**
  2. **Commitment and teamwork**
  3. **Integrity, honesty and respect**
  4. **Accountability and transparency**
  5. **Participation and empowerment**
  6. **Learning and development**
- LIVED VALUES**

Through the provision of quality and affordable services and by enhancing the capacity of Senqu Municipality at all levels, the overriding goal and focus will be to :

**Promote sustainable economic and social development.**

In order to ensure that the Municipality adopts a coherent view of the management of development as it related to physical development (i.e. the impact that various development projects may have on land and/or land requirements), the following “management tools” are proposed and being developed :

- ◇ **A Spatial Development Framework**, which incorporates a strategic approach to land development in Senqu and the broad land use management guidelines; and
- ◇ **An Environmental Management Framework**. A district wide Environmental Management Plan is being developed by Ukhahlamba District Municipality.

## **FINANCIAL HEALTH**

The auditing of the financial statements for the period ending 30 June 2006 has been completed and the Report of the Auditor General for Senqu Municipality for the 2005/2006 financial year has been included in Chapter 4 of this Annual Report (Budget and Treasury Report).

It is of concern that Senqu Municipality received a qualification as detailed in point 3 of the Audit Report. In terms of the emphasis of matter (contained in point 5 of the same report), certain weaknesses were highlighted. Broadly, these related to Internal Control Weaknesses; inaccurate representation of Service losses; and the fact that material changes were made to the financial statements submitted on 28 August 2006.

Notwithstanding, and due to our past history of not having received qualified audit reports, we must acknowledge that we are more than capable of remedying these highlighted issues and we wish to assure you that this will become our prime focus. Areas identified as shortcomings will be addressed as resolved and it is our undertaking to extend every effort to ensure that we obtain an unqualified audit report for the 2006/2007 financial year.

## **ADMINISTRATIVE CONSIDERATIONS**

In an organisation that is constantly facing institutional and transformation challenges, we endeavour to engage in all necessary steps to ensure that our transition and ongoing evolution occurs in a manner that is conducive to optimize operational and organisational efficiency and effectiveness.

Overriding considerations will remain the overall implementation of an Integrated Performance Management System, which will ensure that performance is managed both at institution and employee levels, thereby ensuring performance optimization and service excellence for all, within an operating environment, which remains legislatively compliant and addresses the needs of the community.

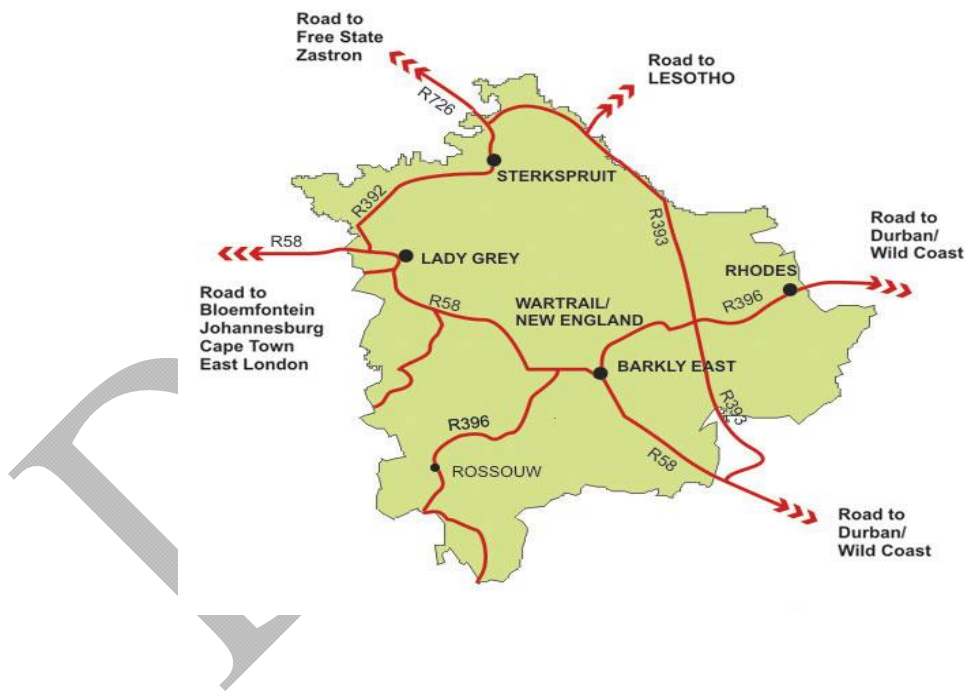
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#### 1.4 **GEOGRAPHICAL CONTEXT**

Senqu Municipality was established during December 2000, as a result of the amalgamation of the following Local Authorities and towns :

- φ Lady Grey (including Transwilger and Kwezi Naledi);
- φ Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- φ Sterkspruit;
- φ Rhodes (including Zakhile); and
- φ Rossouw

Senqu area also covers farms and villages of the magisterial districts of Barkly East, Lady Grey, Herschel, Rossouw, Sterkspruit Herschel and Rhodes.



As the largest Municipality in the Ukhahlamba District Municipality, Senqu Municipality covers an area of 6772km<sup>2</sup>. A unique feature of this Municipality is the fact that it sits on the border between the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality. To the north is the border between the Eastern Cape Province and the Free State Province.

The R58 and R392 are the key transport routes through this Municipality and these then link onto the N6 at Aliwal North.

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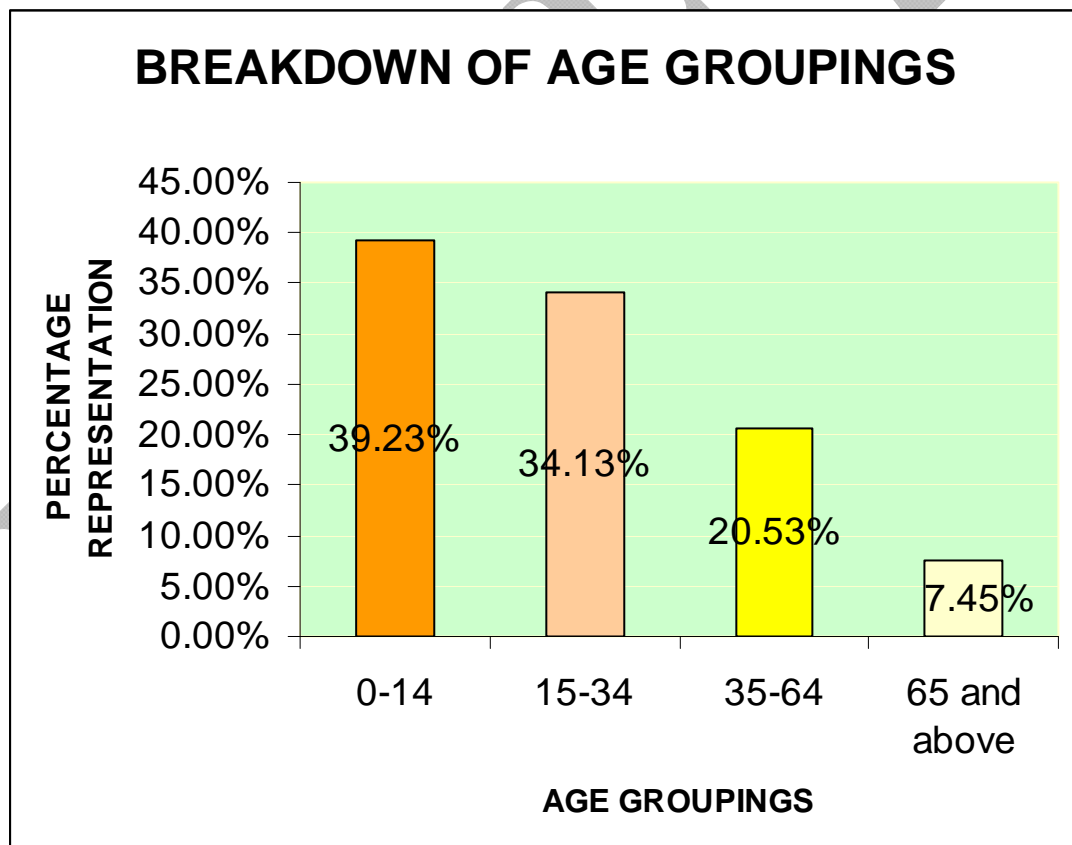
## DEMOGRAPHICS

### Population

As per the census statistics of 2001, Senqu Municipality has a population of 138 704 people. Although this is the latest formal statistic received, we continue to believe that this represents a significant underestimate. DWAF has subsequently provided us with a figure of 192 000 and we do believe this to be a more realistic figure.

### Age

A breakdown of age groupings within the population is provided as follows :



## Employment

It is estimated that :

- 13% of population formally employed.
- 18% actively seeking employment.
  
- 17% households have no steady income
- 83% of remaining households earn less than R1 000 per month.  
**Note: This figure is below the Household Subsistence Level for the Province.**

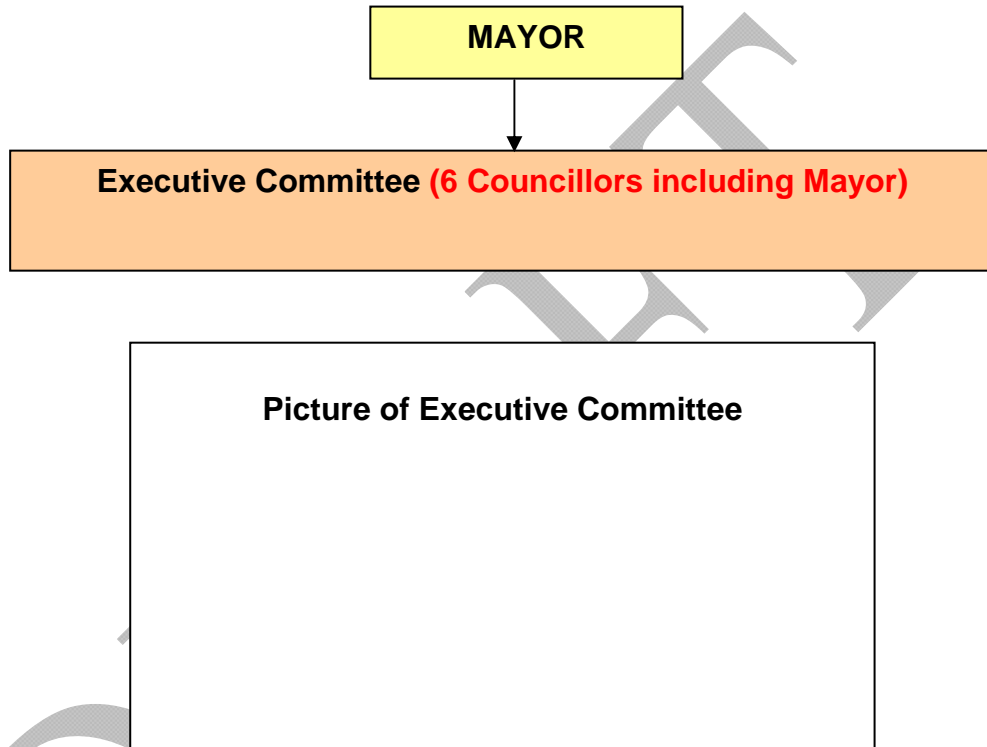
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## 1.5. GOVERNANCE AND ADMINISTRATION STRUCTURE

### 1.5(a) Political Structure

As per Municipal Structures Act 1988, Senqu Municipality has a Collective Executive System.

As a democratically elected Category B Municipality, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Senqu Municipality was established as a Collective Executive Type.



#### Executive Committee

Chairperson : Mayor, Cllr I Dumzela  
Cllr C C Mbulawa  
Cllr P August  
Cllr G N Mbonyana  
Cllr M M Mafilika  
Cllr N Kuse



## Ward Committees

Sixteen (16) Ward Committees have been established, as a result of s72 – 78 of the Municipal Structures Act. Each Committee is chaired by its respective Ward Councillor.

Ward Committees exist in order to provide a legitimately recognised forum. Submissions to Council are made via the respective Ward Councillor. In this manner, a consultative community structure is created and maintained.

## Standing Committees

Standing Committees have been created in accordance with s79 and s80 of the Municipal Structures Act (Act 32 of 2000) and s160 of the Constitution.

Standing Committees have been created in order to assist the Mayor and Council in order to be better informed about issues requiring Council input and decision making. Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments/sections that they represent within these Ward Committees. This process enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections, and ensures that Council is able to make informed decisions within these areas.

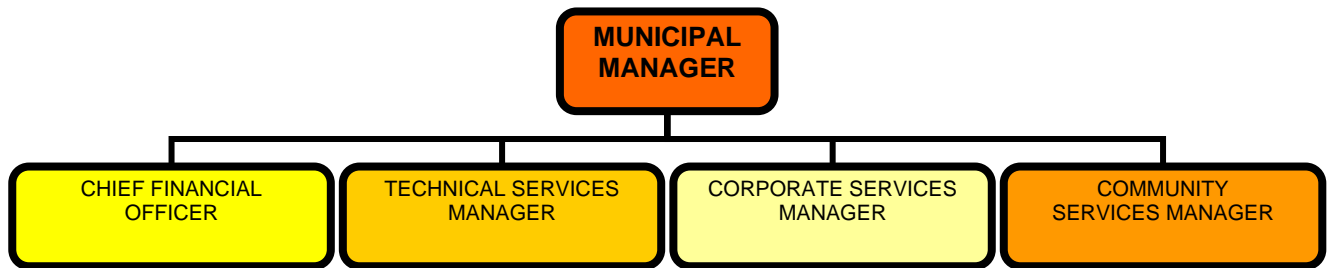
The following Standing Committees have been established:

- φ Housing & Estates
- φ Budget & Treasury Office
- φ Corporate and Support Services
- φ Community and Social Services
- φ Technical Services

Standing Committees are chaired by Mayoral Committee members and include members from political parties.

There are 32 Councillors in total. These are made up of 16 Ward Councillors and 16 Party Representatives.

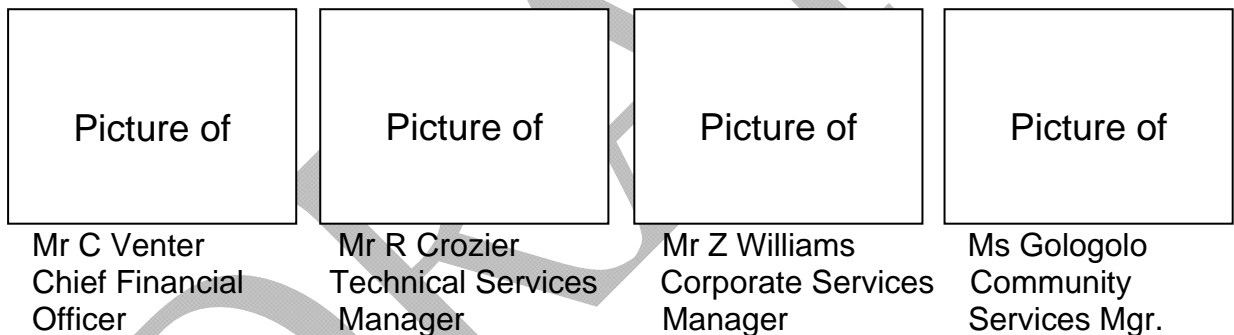
## 1.5(b) ADMINISTRATIVE STRUCTURE



Four (4) departmental heads report to the Municipal Manager as follows:



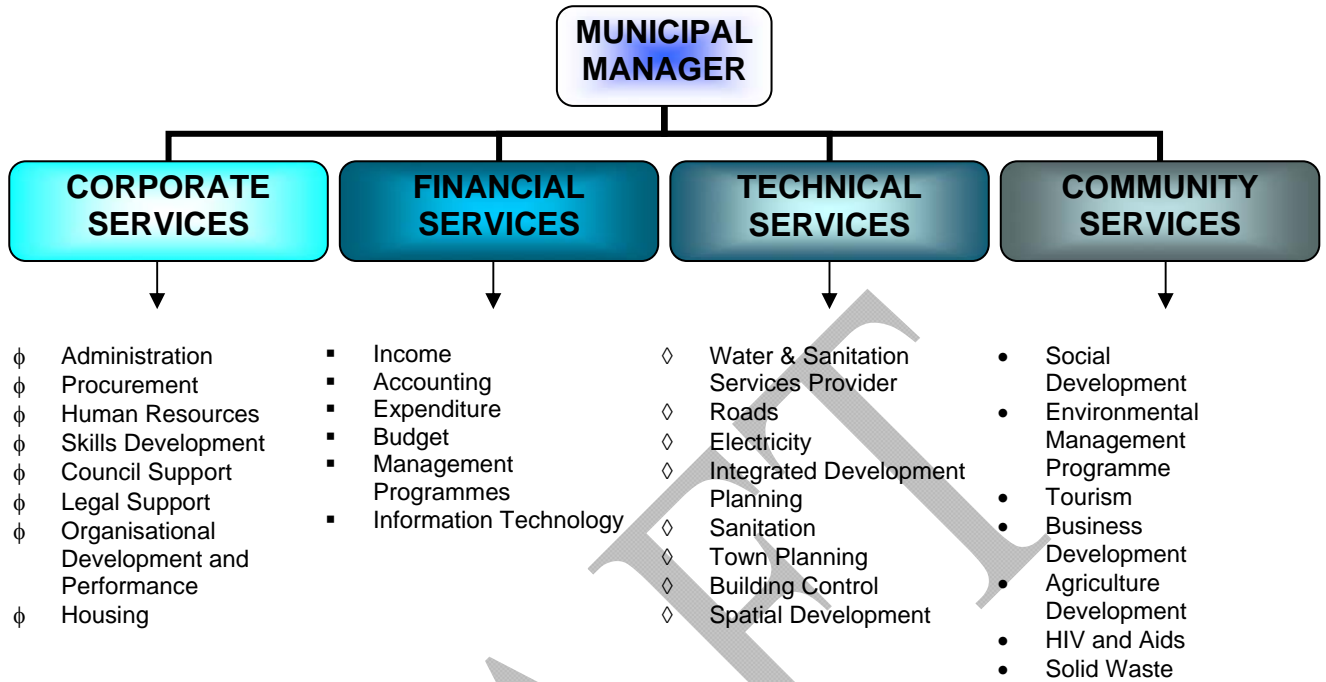
**Mr Yawa, Municipal Manager**



Each department develops annual strategic service delivery and budget implementation plans, which are based on annual objectives to ensure that IDP objectives are met as required.

It is the task of this administrative team and its support staff to ensure that they provide the necessary administrative support and structure in order to ensure that the organisational strategic objectives are met.

## FUNCTIONAL STRUCTURE



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## **1.5(c) THE INTEGRATED DEVELOPMENT PLAN IDP**

In accordance with Section 34 of the Municipal Systems Act (Act No 32 of 2000), together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No R796/2001, Senqu Municipality completed its first IDP in 2002.

The Act requires that the IDP, as the principal strategic planning instrument for the Municipality, will guide and inform all planning and development activities and all decisions in respect of planning, management and development for the Municipality.

The IDP is therefore an essential strategic management tool that drives and focuses the strategic and operational functioning of Senqu Municipality. It provides an integrated, long-term vision for the Municipality which also enables the Municipality to meet its developmental goals as outlined within the Constitution. The IDP document contains the departmental goals and objectives and incorporates cross-cutting issues.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality initiated the review of the IDP during October 2005. This was run in conjunction with the 2006/2007 budget process, as is required by the new Municipal Finance Management Act.

### **Purpose of Integrated Development Planning**

- \* To speed up the delivery of basic services and to ensure that such service delivery is appropriate in terms of scale and standard of service; and
- \* To provide a financial, institutional and spatial framework for economic and social development within a Municipality.

Broadly speaking, it is the intention of Integrated Development Planning to assist in eradicating over time, the unequal development legacy of the past, to make development local government an operational reality, and to foster co-operative governance practices between the three (3) spheres of government. A primary objective remains also to ensure that all members of the community receive a basic level of service.

The IDP is regarded as a strategic document that is required to change, in order to accommodate changes in circumstances. It is therefore legislated that the IDP is reviewed annually and that with the appointment of each new Council, that a completely new IDP is approved.

The IDP Steering Committee is comprised of the Municipal Manager, IDP and Budget Officer, Heads of Departments and senior staff who also comprise the Budget Technical Committee, which deals with all IDP and budget matters.

When reviewing the IDP, the representative forum and outreach programme served as the primary vehicle for consultation and public participation. This body is comprised of numerous stakeholders including political parties, youth and women's organisations, individuals, Government structures, NGO's and other organisations of civil society.

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**2.**

**PERFORMANCE**

**HIGHLIGHTS AND**

**SERVICE DELIVERY**

**APPROACH**

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## 2.1. PERFORMANCE HIGHLIGHTS

Senqu Municipality is involved in the provision of many and varied services to its community. At times these services are provided independently and in other instances, service provision is completed together with other organisations; spheres of government; businesses; and/or non-governmental organisations.

This chapter will highlight the services provided by the various departments of Senqu Municipality and will discuss these within the following table provided :

### 2.1a COMMUNITY SERVICES DEPARTMENT

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>COMMONAGES</b>	<ul style="list-style-type: none"> <li>▪ Budget of R 1000 000 available for Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting mielies and wheat.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Successful mielies crop</li> </ul>	<ul style="list-style-type: none"> <li>▪ 13 second-hand tractors bought caused many breakdowns</li> <li>▪ Planning equipment purchased and suited to area.</li> <li>▪ Drought delayed ploughing and planting.</li> <li>▪ A huge challenge to commonage management is the overgrazing.</li> <li>▪ Negotiations with small farmers taking place.</li> </ul>
<b>PARKS AND OPEN SPACES</b>	<ul style="list-style-type: none"> <li>▪ Grass on sidewalks, parks and open spaces to be cut</li> </ul>	<ul style="list-style-type: none"> <li>▪ Grass on sidewalks, parks and open spaces cut regularly in the 4 towns within Senqu i.e. Rhodes, Barkly East, Lady Grey and Sterkspruit.</li> <li>▪ 74 012 m<sup>2</sup>Grass was cut including cemeteries, sports fields, sidewalks and parks.</li> <li>▪ 29615 m<sup>3</sup> Garden refuse disposed</li> <li>▪ Regular pruning of trees and shrubs took place</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficulty during growing season to maintain side walks, due to staff shortages and equipment availability.</li> <li>▪ After first frost the work returned to normal and the backlog could be dealt with</li> <li>▪ Lack of funding – no additional trees planted.</li> </ul>

<p><b>REFUSE REMOVAL</b></p>	<ul style="list-style-type: none"> <li>• Household refuse and business refuse to be removed efficiently and effectively.</li> <li>• Daily cleaning of streets to ensure health standards maintained.</li> <li>• Development of a functional solid waste site.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Household refuse to be removed once a week and business refuse twice a week.</li> <li>▪ Streets cleaned daily, assisted by volunteers in Barkly East, Lady Grey and Sterkspruit.</li> <li>▪ Household refuse removed per month is 7984 m<sup>2</sup></li> <li>▪ 35231 m<sup>3</sup> Domestic refuse and 29615 m<sup>3</sup> garden refuse disposed of.</li> <li>▪ Development and registration of a solid waste site at Barkly East has been completed 2005/06.</li> </ul>	<ul style="list-style-type: none"> <li>• Old outdated machines and equipment.</li> <li>• Financial constraints – budget insufficient for improvement.</li> </ul>
<p><b>HEALTH</b></p>	<p>???????????</p>	<ul style="list-style-type: none"> <li>• Provision made at Robert Mjubo Clinic in Lady Grey for consulting rooms and for both District and Province to operate from one building</li> <li>• 18924 Patients attended to over 5 years of age.</li> <li>• 24521 Patients attended to less than 5 years of age.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 x clinic at Lady Grey controlled by Council.</li> <li>• Other clinics are controlled by either District municipality or Province.</li> <li>• Shortage of qualified/skilled clinic staff are a ongoing challenge</li> </ul>





	<ul style="list-style-type: none"> <li>• Iketsetseng catering funded by Ukhahlamba District Municipality – involves catering</li> <li>• Rossouw Agricultural Project funded by DHLG &amp; Traditional Affairs</li> <li>• Masithembane Poultry funded by DBSA (R1,4 million)</li> <li>• Production of eggs and chicken</li> </ul>	<ul style="list-style-type: none"> <li>• 8 permanent jobs created</li> <li>• 100% women</li> <li>• 2% youth</li> <li>• 60% women</li> <li>• 10% youth</li> <li>• 30% males</li> <li>• 41 beneficiary families</li> <li>• 27 beneficiaries</li> <li>• 60% women</li> <li>• 10% youth</li> <li>• 30% elderly</li> </ul>	<ul style="list-style-type: none"> <li>• Shortage of staff and equipment</li> <li>• Lack of commitment from beneficiaries</li> <li>• Shortage of office space</li> <li>• Inadequate budget</li> <li>• Conducive work environment</li> <li>• Positive staff and community</li> <li>• Minimal conflict</li> </ul>
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## 2.1b CORPORATE SERVICES DEPARTMENT

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>Hillside Housing Project</p>	<p>561 units have been completed. 39 Units to be constructed. 141 Slabs have been cast and we need to increase this drastically.</p>	<p>Huge delays relating to disaster which was caused by rain. The project had to stop for 5 months because the bridge to the project was washed away by rain storms.</p> <p>The road to Hillside was in a bad state and no material supplier wanted to deliver material to this site.</p> <p>Lack of commitment to the project by the developer (women in construction due to these problems).</p>	<p>It is advisable that this project should be stopped at 600 units because of the problems relating to infrastructure in this area.</p> <p>The lack of experience in a rural housing project has contributed to the slow pace of the project.</p> <p>The DHLG &amp; TA is very committed to the completion of this project and this is an opportunity for us.</p> <p>Beneficiary administration was a problem where some beneficiaries were allocated sites in areas which belonged to other people.</p>
<p>Lady Grey Housing Project – 1000 units</p>	<p>547 – complete 406 – gable height 47 still to be constructed from scratch 224 houses have been handed over to the beneficiaries.</p>	<p>This project is supposed to have been completed but the material supplier failed the whole project.</p> <p>We projected to complete the project on the 15/12/2006 but roof beams were not supplied in terms of the specifications and we stopped payment to the material supplier.</p> <p>Sub contractors to the supplier were not paid and this affected the whole project.</p> <p>Emerging contractors have performed well such that they surpassed the material supplier in terms of value creation on site.</p>	<p>The road infrastructure is very bad during rainy days because of poor stormwater control.</p> <p>We submitted an application for top up funding for roads and follow-ups are to be made both to the project managers and Karl Burger from the department (DHLG &amp; TA)</p> <p>The poor performance of the material supplier has affected the project negatively but their technical support to the project is commendable. Confidence has been bestowed on merging contractors they have done a good job in this project.</p>

		<p>We have made financial savings to the value of +/- R300 000.00. This was the result of upfront payment which we did to avoid price increase in June 2006.</p> <p>Material shortages were experienced relating to door frames, stop corks, reducers and rodding eyes and these can be paid through the savings made.</p>	<p>S.C. contractors must still do cleaning around the houses in all houses with slabs below ground level.</p>
<p>Herschel Housing Project – 700 units</p>	<p>505 units have been completed.</p>	<p>The completion of 195 units was delayed by the objections of the tribal headmen and his people.</p> <p>Interactions with the Hlubi tribal authority and the Headman have not borne fruits.</p> <p>We took legal recourse against these people and the case is being postponed consistently because of their unpreparedness.</p> <p>It is suggested that this project be stopped at 505 units because we are struggling to locate beneficiaries for the completed 505 houses.</p> <p>Beneficiaries to the 195 still be constructed are easily located and can be put into the already completed units.</p> <p>It will possibly be fruitless expenditure to continue to build houses when others are still unoccupied.</p>	<p>The challenge of this project is to locate beneficiaries to take over their properties.</p> <p>The MEC's proclamation of Herschel township establishment has lapsed and a new proclamation was requested through Setplan (Piet Jonas). We are awaiting their response anytime.</p> <p>The legal action against the Headmen has to be fast tracked.</p>

		<p>A decision has to be taken by council on what will be the use of the conservancy tanks which are removed in the housing units because we are installing a fully fledged waterborne sewerage system.</p> <p>S.C. Contractors has to do roads properly and they cannot leave the site without ensuring that infrastructure is in good order.</p>	
Rhodes – Renovation of 30 RDP Units – Internal Funding	26 RDP units were renovated and 4 had to be rebuilt from scratch.	<p>26 units were renovated, painted, plastered and aprons were built around the houses.</p> <p>New floor slabs were put up and new doors were also fitted.</p> <p>The people are very proud of the houses now.</p>	<p>There is still a need for more RDP houses in Rhodes.</p> <p>Land is available; we need to submit an application for housing.</p>
Renovations – 200 RDP units – Herschel / Orange Fontein	No houses have been renovated yet; only two show houses were done.	<p>The district municipality has delayed this project for seven months and we did not perform because of their lethargy.</p> <p>DHLG &amp; TA funded the project in April but there is no reason for the project not to move except the lack of sense of urgency from the district officials.</p>	Sanitation will be a big challenge in this project because it has not been provided for in the funding for renovations.

## 2.1c TECHNICAL SERVICES DEPARTMENT

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p><b>ELECTRICITY &amp; STREET LIGHTING</b> (Total Budget Allocation – R 9 142 781)</p>	<ul style="list-style-type: none"> <li>• Provide electricity to 1 696 residential and commercial consumers</li> <li>• Provide public lighting to Sterkspruit, Lady Grey &amp; Barkly East</li> <li>• New connections done on request in licensed areas</li> <li>• Ongoing maintenance of existing networks</li> <li>• The rural areas of Senqu Municipality are within the licensed area of ESCOM and will remain so in the foreseeable future</li> <li>• Maintenance of existing public lighting</li> <li>• Extension of public lighting systems</li> <li>• Maintenance and renewal of public buildings electrical installations, when required</li> </ul>	<ul style="list-style-type: none"> <li>• 8 new connections done on request as there is currently no backlog in licensed areas</li> <li>• 225 Electricity faults reported and dealt with- a large improvement over the previous year</li> <li>• Conventional electricity meters serviced/replaced - 52</li> <li>• Service Level Agreements have been put into place with ESCOM</li> <li>• Pre-paid meters replaced - 600</li> <li>• Installation of new street lighting in Nkululeko – 48 units</li> <li>• 1,3 Km of LV line upgraded</li> <li>• Electricity network for 76 Middle Income sites in Sterkspruit completed (R 400 000)</li> <li>• Ongoing Operation and maintenance</li> <li>• Installation of TV Transmitters in Palmietfontein and N'Dofela</li> </ul>	<ul style="list-style-type: none"> <li>• Employment of 2 competent electrical team leaders- one in Sterkspruit and the other in Barkly East</li> <li>• Vehicle for Sterkspruit obtained</li> <li>• Electricity theft</li> <li>• Ageing infrastructure</li> <li>• Insufficient funding</li> <li>• Electricity backlogs in the rural area</li> <li>• ESCOM assistance with tariff analysis</li> <li>• Cherry Pickers need rehabilitation</li> <li>• Standardization of equipment</li> <li>• Supply Chain Management</li> <li>• Non compliance of communities with regard to electrical installations</li> </ul>

<p><b>ROADS &amp; STORMWATER</b> (Total Budget Allocated R 10 231 908)</p>	<ul style="list-style-type: none"> <li>• The maintenance and reconstruction of gravel and surfaced roads</li> <li>• The construction of sidewalks</li> <li>• The construction of storm water systems</li> <li>• The construction of bridges and river crossings</li> <li>• Maintenance of road furniture</li> <li>• Planning and design of new projects</li> <li>• Purchase of new plant</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of 12 km of new roads in Ward 9</li> <li>• Under took own MIG project in-house for above ( R 5 100 000)</li> <li>• Additional income of R 1 500 000 achieved</li> <li>• Blading of 14 km in various areas</li> <li>• Regravelling of 10km in various areas</li> <li>• Reconstruct Zastron Road and resurfaced 600m of Herschel Road in Sterkspruit (R 7 250 000)</li> <li>• Storm water dish drains crossings constructed – 42m</li> <li>• Storm water culvert crossings constructed-54m</li> <li>• Purchase of new plant: 1 x Grader- R 1 482 000 and 1 x Mechanized Roller – R 619 020</li> <li>• Construction of pedestrian bridge at Nkululeko completed (R 500 000)</li> <li>• Constructed 3 km of road infrastructure for 76 Middle Income sites in Sterkspruit (R 200 000)</li> <li>• Identify borrow pits for registration(R 100 000)</li> <li>• R 234 810 spent on creating 333 temporary jobs</li> <li>• Ongoing general Operation &amp; Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient funds</li> <li>• Reducing the access roads backlog</li> <li>• Resurfacing of Dept of Transport roads</li> <li>• Supply Chain Management</li> <li>• Urban renewal Needs to be done to encourage LED</li> <li>• The roads classification system needs to be completed by National</li> <li>• Insufficient plant</li> <li>• Gravel shortage in rural areas</li> <li>• Distances to borrow pits increasing</li> </ul>
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<p><b>WATER</b> (Total budget allocated R 3 858 201)</p>	<ul style="list-style-type: none"> <li>• The Senqu Municipality has been appointed Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality on an annual basis until the Section 78 process is completed</li> <li>• Water purification is undertaken at Lady Grey, Barkly East &amp; Rhodes</li> <li>• Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw</li> <li>• Sterkspruit water is supplied by Bloemwater but reticulated by Senqu</li> <li>• Potable water is reticulated to 5 874 households within the Senqu area of appointment</li> <li>• New connections are done upon application</li> <li>• Infrastructure is the responsibility of the Water Services Authority</li> <li>• Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality</li> <li>• Maintenance of purification works and</li> </ul>	<ul style="list-style-type: none"> <li>• Water purified was 746 245 Kl</li> <li>• Water faults reported and attended to were 415</li> <li>• Water meters replaced/service d were 17</li> <li>• New water connections were 14</li> <li>• Ongoing maintenance</li> <li>• Drought emergency measures proved successful in Lady Grey with little inconvenience to consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of the Section 78 process</li> <li>• A permanent solution to the Lady Grey bulk water supply</li> <li>• Capacitating of staff</li> <li>• Incompetent staff</li> <li>• Water backlogs in the rural area</li> <li>• Rehabilitation of the Barkly East &amp; Rhodes reticulation networks</li> <li>• Compilation of a water master plan for all areas</li> <li>• Supply Chain Management</li> <li>• Rehabilitation of the Barkly East purification works</li> <li>• Installation of individual and section metering for water balancing</li> <li>• Realistic tariffs for cost recovery</li> <li>• Replacement of vehicles</li> <li>• Bulk supply to be established for Rossouw</li> <li>• Bulk supply to be rehabilitated for Rhodes</li> <li>• Lady Grey dam scour and line</li> <li>• Installation of fire hydrants</li> <li>• Confusion between WSA and LM budgets</li> </ul>
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<p><b>SANITATION</b> (Total budget allocated R 4 410 537)</p>	<p>reticulation systems</p> <ul style="list-style-type: none"> <li>• The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit</li> <li>• The rural areas fall directly under the Water Services Authority</li> <li>• Infrastructure projects are the responsibility of the Water Services Authority</li> <li>• New connections are done upon request as there is no real backlog although a large percentage are below RDP standards</li> <li>• Maintenance of ponds, conservancy tanks and reticulation systems</li> <li>• Waterborne households served:1307</li> <li>• Buckets and below RDP standard - : 4 113</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing Operation and Maintenance</li> <li>• Construction of new oxidation ponds has begun in Lady Grey ( R 7 480 769)</li> <li>• Complaints reported and attended to were 1059</li> <li>• Sewer blockages were 267</li> <li>• VIP's serviced: 120</li> <li>• New connections: 11</li> <li>• Conservancy tanks serviced on request basis -189</li> </ul>	<ul style="list-style-type: none"> <li>• Rural sanitation backlogs</li> <li>• Bucket eradication</li> <li>• Sanitation ponds needed in rural areas</li> <li>• New vehicles needed</li> <li>• Waterborne sanitation for bucket eradication in Lady Grey &amp; Barkly East</li> <li>• Herschel sanitation inadequate</li> <li>• Supply Chain Management</li> <li>• Old and aging infrastructure in Barkly East (reticulation)</li> <li>• Irrigation at Sterkspruit ponds</li> <li>• Confusion between WSA and LM budgets</li> </ul>
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<p><b>TOWN PLANNING &amp; BUILDING CONTROL</b> (Part of Technical administrative budget – R987 329)</p>	<ul style="list-style-type: none"> <li>• Conservancy tanks - 189</li> <li>• Urban VIP's - 265</li> <li>• The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods</li> <li>• A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>• Application of legislative issues</li> <li>• Control of land use</li> <li>• Building safety</li> <li>• Environmental protection</li> <li>• Spatial development</li> </ul>	<ul style="list-style-type: none"> <li>• Building plans received &amp; approved:26</li> <li>• Rezoning applications received and approved:2</li> <li>• Subdivision applications received and approved:4</li> <li>• Consolidation applications received and approved: 0</li> <li>• Spatial Development Framework completed</li> <li>• Provisional Zoning maps obtained for Barkly East, Lady Grey and Sterkspruit</li> </ul>	<ul style="list-style-type: none"> <li>• Building control officer to be appointed</li> <li>• Office space and equipment needed</li> <li>• Vehicle needed</li> <li>• Separate budget for town planning and building control</li> <li>• Zoning maps needed for Herschel, Rhodes and Rossouw</li> <li>• Community land issues need to be legally solved</li> <li>• More land for development required in Sterkspruit</li> <li>• Government departments not liaising with the municipality before developments are implemented</li> </ul>
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**3.**

**HUMAN RESOURCES**

**AND**

**OTHER**

**ORGANISATIONAL**

**MANAGEMENT**

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### 3. **EXISTING AND NEW DELIVERY MECHANISMS**

Senqu Municipality was established during December 2000 and this resulted in the amalgamation of a number of local authorities and towns, namely :

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit;
- Rhodes (including Zakhele); and
- Rossouw

Included in this area are the farms and villages of the magisterial districts of Barkly East; Lady Grey, Herschel, Rossouw, Sterkspruit Herschel and Rhodes.

Whilst substantial progress and development has been made in order to restructure and align all smaller units into the larger formed "Senqu Municipality", this had not been without challenge. Transformation is required, not only in terms of the re-organisation which led to the amalgamation, but also in terms of new legislation and a new way of doing things.

Every effort has been made to engage in a formal and directed change management programme in order to ensure that changed processes, procedures, and practices are understood by all, and are lived as day-to-day ideals and values within the organisation. In the areas of :

Governance;  
Institutional development;  
Transformation: and  
Change Management,

every effort and focus is being made to ensure that delivery mechanisms support the required change at every level. Ongoing and critical analysis and evaluation takes place in order to ensure that Senqu Municipality takes the correct steps towards achieving excellence in human resource and other organisational management.

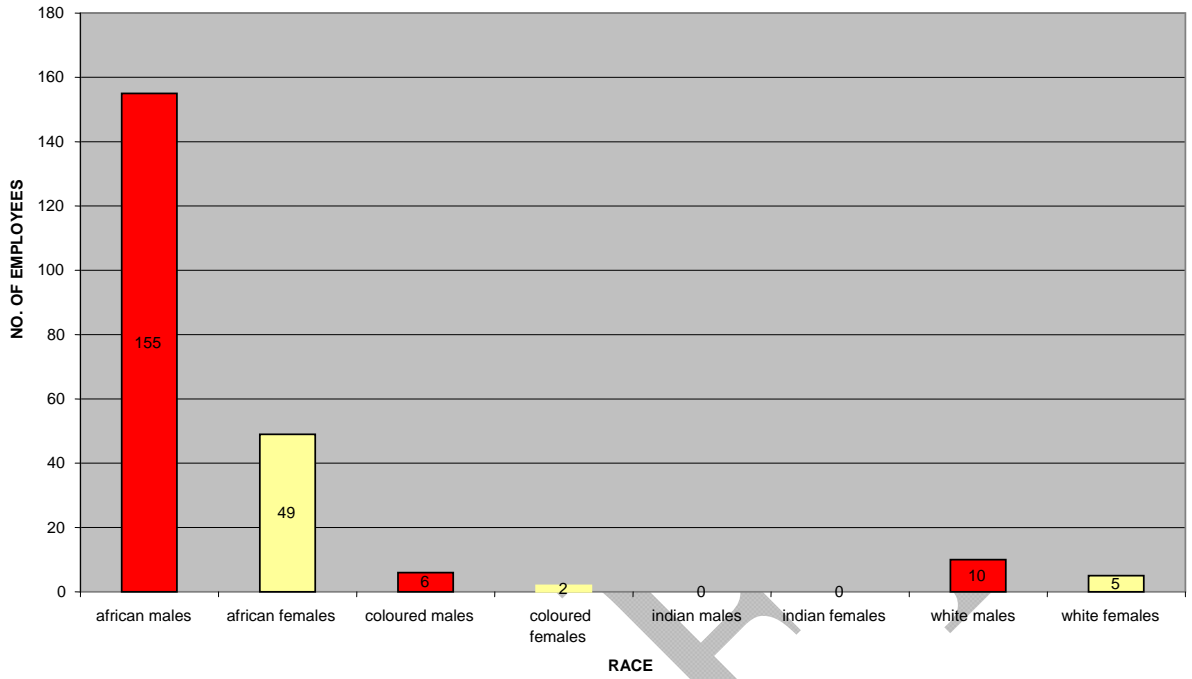
#### 3.1. **Institutional Development**

3.1(a) Senqu Municipality has an overall staff complement of 227 employees, which are broken down as follows :

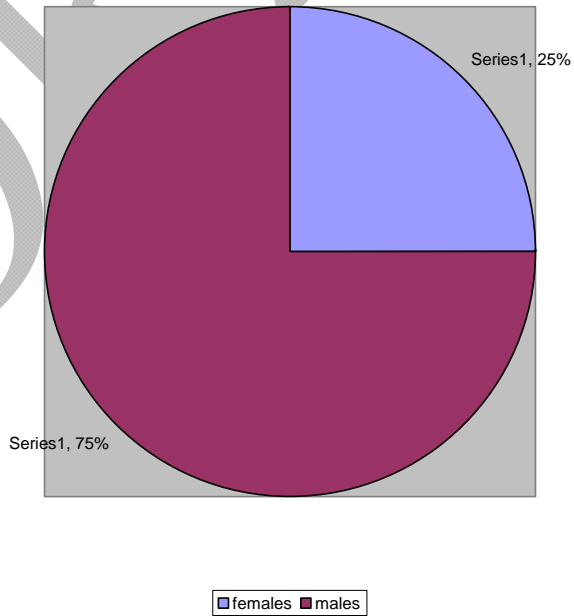
<b>NUMBER OF STAFF</b>	<b>GENDER</b>	<b>LEVEL</b>
1	<b>African Male</b>	Top Management
1 2	<b>African Male White Males</b>	Senior Management Senior Management
1 1 1 3 1 1	<b>African Male Coloured Male White Male African Females Coloured Female White Female</b>	Professionally qualified, experienced specialists and mid-management
8 1 3 1	<b>African Males White Male African Females White Female</b>	Skilled technical, academically qualified and junior management
37 1 6 11 1 2	<b>African Male Coloured Male White Males African Females Coloured Female White Females</b>	Semi-skilled and discretionary decision making
86 3 13	<b>African Males Coloured Males African Females</b>	Unskilled and defined decision making
14 1 16 1	<b>African Males Coloured Male African Females White Female</b>	Councillors
7 3	<b>African Males African Females</b>	Temporary employees

**TOTAL STAFF COMPLEMENT : 227 STAFF**

**RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY**



**GENDER REPRESENTATION 2005/2006**



### 3.1(b) Organisation Structure

This is reviewed annually during the budget process and all members of the budget Technical Committee participate in this process. Reviewing the organogram annually ensures that the Municipality takes into account the demands placed on it by the IDP.

### 3.1(c) Job Evaluation

Job evaluation has on a national scale, placed huge demands on staff and organisations alike. Whilst the results of the job evaluation exercise have been made available through the presentation of the Final Outcomes Report (presented to us by the Provincial Job Evaluation), implementation awaits the National Wage Curve from SALGBC and the process of appeal. In respect of the wage curve, we have raised concerns on the benchmarking of municipalities, in order to determine the wage curves for different municipalities. These issues are currently under discussions with the parties of the SALGBC.

## 3.2. GOVERNANCE

3.2(a) We are extremely confident that the archives of the former TLC's have been carefully stored and those that are outdated have resulted in applying for disposal from the provincial archives.

Strong rooms house documents well; however, we are challenged to work on our infrastructure in order to ensure that we obtain additional space to store more security cabinets. Staffing shortages in this area also need to be addressed.

Provincial archives requested us to send our reviewed filing system plan for approval. This has been provided electronically and we now await their formal approval.

The document management project continues to be a challenge. The consulting company appointed to address this was dismissed and as this was initiated by Ukhahlamba District Municipality, we await further progress from them at this time.



The administration of Council and Executive Committee meetings has shown tremendous improvement, with Council agendas and minutes being provided accurately and correctly. This facilitates Council decision-making and it is worth mentioning that this process has not been queried by the Auditor-General in respect of the quality of decision-making and the signing of minutes by both the Mayor and the Speaker.

With the establishment of the Internal Audit Committee, its role cannot be over-emphasised.

The Annual Audit Report supports the notion that positive work is being done in respect of the operations of the Municipality and the fact that within this area we are operating within clear policies and procedures and in accordance and compliance with prescriptive legislation.

A Remuneration Committee has been elected by Council and constitutes :

- Mayor (Mr Z Dumzela)
- Cllr Kuse
- Cllr Mafilika

Purpose of Committee : To ensure that payment of salaries for Managers occurs in terms of Council resolutions, after negotiations are concluded between Managers and Council.

### 3.2(b) Policies Adopted

- Remuneration Policy according to SALGA guidelines
- Fraud Prevention Policy and thorough analysis to determine risks overall.

### 3.2(c) Internal Audit

The introduction of this function has assisted in ensuring that the organisation operates within legal bounds and considerations.

### 3.2(d) Register of Interest

This register was formally adopted and both Councillors and officials are required to declare their interests in order to avoid any conflict that may arise as a result of doing Council business.

### 3.2(e) Human Resources

Benefit Administration Procedure developed and formal training provided to relevant staff.

## 3.3. TRANSFORMATION AND CHANGE MANAGEMENT

### 3.3(a) Performance Management

The Performance Management System was initially effected for top management. During 2005/2006 it was introduced to middle management.

This performance management system has ensured that service delivery was implemented based on targeted dates that were approved by Council.

This Performance Management System was linked to the Service Delivery and Budget Implementation Plans (introduced by the Municipal Finance Management Act, 2003), which were developed in line with budget and operational plans, in order to ensure that the IDP objectives were met.

Individual performance assessments for the individual managers have been completed by an independent Committee which was constituted by executive committee members and independent consultants.

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee (in order to comply with the spirit of Corporate Governance).

Quarterly reports are submitted to Council and this assists Council to evaluate performance and to make the necessary interventions when these are identified.

### 3.3(b) Employee Assistance Programme

Plans are under way to develop a formal Employee Assistance Programme and training has already occurred amongst all unit supervisors in order that they better understand and know how to deal with social problems that are confronted by employees, such as : alcohol abuse, drug abuse, terminal illness, financial hardship, HIV/Aids and the like.

Policies have been developed in respect of these issues, but it was requested that these be workshopped with all Councillors prior to their formal adoption. This is still required to be completed and an audit query relates to not having completed this notwithstanding that delays were caused by an inability to agree on a suitable date for all parties. This workshop has been prioritized for 2007.

### 3.3(c) Skills Development

Senqu Municipality received an award for the Best Skills Development Facilitator in the Eastern Cape Province. This indicates that both our Skills Plan and Implementation Plans are regarded as realistic and applied correctly in terms of the Skills Development Act.

The Skills Committee meets monthly and this committee is comprised of officials, Councillors and Labour Union representation.

### 3.3(d) Occupational Health & Safety

This Committee meets consistently and monthly reports are submitted in respect of injuries on duty and any other pertinent issues. Safety Inspectors perform their work with due diligence, but it is our challenge as an organisation to fully enforce the Health and Safety Act through recognised mechanisms.

4.

**AUDITED STATEMENTS  
AND RELATED  
FINANCIAL INFORMATION**

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ANNUAL REPORT  
BUDGET & TREASURY OFFICE

30 JUNE 2006

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1. **ORGANISATIONAL STRUCTURE AND FUNCTIONS**

1.1. **Vision Statement**

The financial management of the resources of Senqu Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality.

1.2. **Mission Statement**

The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu municipality.

1.3. **Staff Component**

The organisational structure for the Department: Budget and Treasury Services is composed of 30 positions (*2004 / 2005 – 27 positions*), which includes the post of Chief Financial Officer, formerly Manager: Financial Services (A 5-year contracted section 57 employee – 1 February 2002 to 31 January 2007)

The staff complement is reflected as follows:

Year	30 June 2006		30 June 2005		30 June 2004	
No. of posts filled	20	66.66%	18	66.67%	19	70.37%
No. funded vacant posts	1	3.34%	1	3.70%	1	3.70%
No. of unfunded posts	9	30.00%	8	29.63%	7	25.93%

Due to the Department: Budget and Treasury Services failing to attract suitably skilled and experienced staff, specifically in the senior positions it had become necessary to embark on an intensive training programme within the department. Staff are further encouraged to make use of council's bursary and study policy to further their qualifications. The Chief Financial Officer has used his extensive experience (17 years 6 months) in local government finance to further empower the staff in this department, in the form of "on the job" mentorship and training, thereby exposing staff to all spheres of the financial functions within this department. This proactive approach by the Chief Financial Officer would in the future develop the skills of staff and as such allow for upward mobility (promotions) within this department, something that had disappeared from local government institutions during the previous dispensation.

The staff component is based on the demographics of our municipal area of jurisdiction:

RACE	GENDER	NUMBER	2005 / 06	2004/05	2003/04
Black	Male	9	45.00%	44.44%	42.11%
Coloured	Male	2	10.00%	05.56%	05.26%
White	Male	1	05.00%	05.56%	05.26%
Black	Female	4	20.00%	22.22%	26.32%
Coloured	Female	1	05.00%	05.56%	05.26%
White	Female	3	15.00%	16.66%	15.79%

1.3.1. **Training Programme**

Section 83 (1) of the Municipal Finance Management Act, No 56 of 2003, requires that the accounting officer, senior managers, the chief financial officer and **other financial officials** of a municipality must meet the prescribed financial management competency levels. With the establishment of the Budget and Treasury Office (1 March 2005) it was appropriate to do an analysis of the qualifications and experience of existing staff component (*Vacant posts*):



POSITION	EXPERIENCE	CURRENT QUALIFICATION	CURRENT STUDIES
<i>Secretary</i>			
<i>Budget &amp; Treasury Officer</i>			
Accountant: Expenditure ( <i>N C Sobudula</i> )	6 years 4 months	> Standard 10 (Grade 12) > Code 08 Driver's License > Sebata Consolidated Billing System > Sebata Payroll System > Dip Financial Management > Supervisory Programme > Sebata Creditor's System	> Dip. Cost & Management Accounting > Dip. Local Government Finance
Creditor's Clerk ( <i>K C Tai-Tai</i> )	1 years 4 months	> Standard 10 (Grade 12) > Code 08 Driver's License > Dip. Financial Management	
Payroll Clerk ( <i>N D Dingiso</i> )	4 years 1 month	> Standard 10 (Grade 12) > Code 08 Driver's License > Nat Dip Local Government Finance > Sebata Payroll System > Sebata Creditor's System	
<i>Procurement Officer</i>			
Accountant: Income ( <i>A K Fourie</i> )	1 year 4 months	> Standard 10 (Grade 12) > Nat Dip Internal Auditing > Sebata Consolidated Billing System	
<i>Credit Control Officer</i>			
Debtor's Clerk (Lady Grey) ( <i>D T Nthako</i> )	3 years 7 months	> Standard 10 (Grade 12) > Code 08 Driver's License > Dip Business Management > TurboMunex Consolidated Billing System	> Nat Dip Financial Management > Dip Management
Debtor's Clerk (Barkly East) ( <i>A K du Plessis</i> )	8 years 6 months	> Standard 10 (Grade 12) > Code 08 Driver's License > Sebata Consolidated Billing System	> Dip Financial Management
Debtor's Clerk (Sterkspruit) ( <i>R V S Adams</i> )	9 years 8 months	> Standard 8 (Grade 10) > Sebata Consolidated Billing System > Dip Teacher	
Cashier (Lady Grey) ( <i>M Maponopono</i> )	3 years 6 months	> Standard 10 (Grade 12) > NHD Computer Science > NaTIS Cashier > Learners Driver's License > Sebata Consolidated Billing System > Cert Financial Performance Measurement & Control	
Cashier (Barkly East) ( <i>M S Wisani</i> )	2 year 10 months	> Standard 10 > Code 08 Driver's License > Sebata Consolidated Billing System	> Dip Information Systems
<i>Cashier (Sterkspruit)</i>			
<i>Cashier (Rhodes)</i>			
<i>Cashier (Rossouw)</i>			
Meter Reader (Lady Grey)	2 years	> Standard 9 > Code 08 Driver's License	
Meter Reader (Lady Grey)	2 years	> Standard 9 > Learners Driver's License	> Code 08 Driver's License
Meter Reader (Lady Grey)	18 years 7 months	> Standard 7 > Code 08 Driver's License	
Meter Reader (Barkly East)	1 year 2 months	> Standard 9	> Standard 10 (Grade 12)
<i>Meter Reader (Sterkspruit)</i>			

IT / GIS Operator (M Oertel)	12 years 9 months	> Standard 10 (Grade 12) > Code 08 Driver's License > ND Electronic Data Processing > ND Municipal Administration > 38 Other Computer & Management Modules > Supervisory Programme	
IDP & Budget Officer (C S Faku)	11 months	> Standard 10 (Grade 12) > Cert. Managing the Employment Process > Nat Dip. Human Resources	> Masters. Business Administration
Senior NaTIS Clerk (H C Buys)	22 years 2 months	> Standard 7	
NaTIS Clerk (Lady Grey) (T I Masumpa)	3 years 10 months	> Standard 10 > Code 08 Driver's License > NaTIS Cashier	> Nat Dip Public Management
NaTIS Clerk (Barkly East) (T S Yalozo)	2 year 6 months	> Standard 10 > Code 08 Driver's License > NaTIS Cashier	> Dip Local Government Finance > Dip Financial Management
NaTIS Clerk (Sterkspruit)			

All staff are encouraged to direct their studies in order that they are able to reach the competencies set by National Treasury.

### 1.3.2. Internship Programme

With funding received from National Treasury two interns were employed during 2005. Both underwent in-service training within the Department: Budget and Treasury Services and have since been absorbed within vacant posts in this department. The posts of the interns have again been advertised and appointments are anticipated to be made before November 2006.

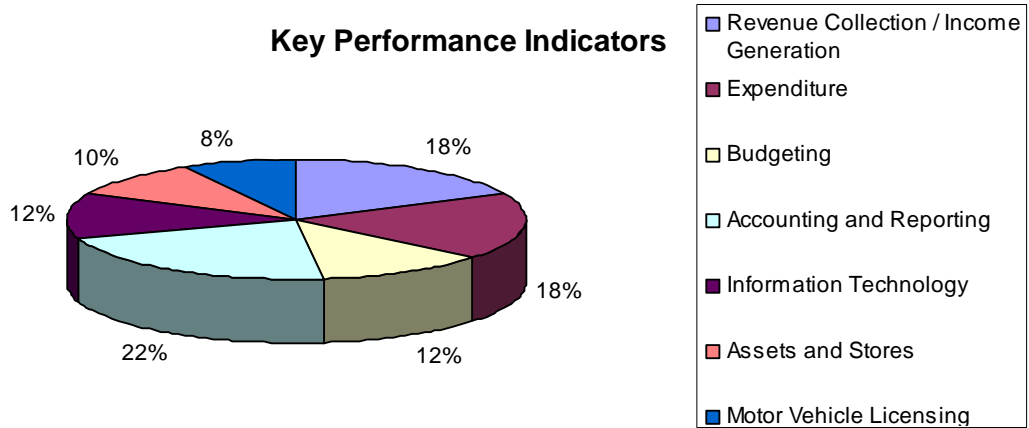
Like the previous year the department has continued to employ students for internship programmes within the department for periods of three months:

STUDENT	POST	PERIOD
Lulama Mvuyiswa	Cashier Cashier	03 January 2005 – 31 March 2005 01 June 2005 – 31 August 2005
Anele Sobudula	Meter Reader Cashier	01 December 2005 – 31 May 2006 01 September 2006 -
Nokulunga G Zililo	Cashier	01 April 2004 – 30 June 2004
Nandipha H Ntabeni	Cashier	01 July 2004 – 30 September 2004
Shaleen L Jones	Cashier	03 January 2006 – 31 March 2006
Rorisang A Majela	Cashier	01 September 2006 -
Nomzekelo V Languza	Creditor's Clerk	13 March 2006 -
E Nontombi Jam-Jam	Cashier	01 June 2006 – 31 August 2006
Sindiswa P Sifumba	Cashier	13 March 2006 – 31 August 2006
Nomhle B Gununda	Cashier	10 October 2005 – 31 December 2005
P Nongazi Khwaza	Cashier	01 September 2006 -
L Kekeletso Lepota	Cashier	01 October 2006 -

### 1.4. Key Result Areas / Key Performance Indicators and Targets

With this dedicated staff complement the following functions (Key Performance Indicators and Targets) were set, performed and maintained with great success during the 2005 / 06 financial year:

## Key Performance Indicators



### 1.4.1. Revenue Collection / Income Generation

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The structure is currently set up so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All of these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled. The Key Performance Indicators were:

Baseline	Outputs	Outcome	Target Date
Maintain accurate & complete Valuation Roll.	> Annual reconciliation of Valuation Roll.	> Correct annual Assessment rate accounts.	15/07/2005
	> Annual reconciliation of Assessment Rates.	> One comprehensive Valuation roll.	31/03/2006
	> Annual billing of Assessment Rates.	> Increase Rates Income.	01/07/2006
Maintain reliable consumer database	> Complete 2005 General Valuation of Farms.	> Comprehensive consumer database.	31/03/2006
	> Valuation Board assessing objections.	> Updated consumer database.	On-going.
Improve credit control & debt collection.	> Certify 2005 General Valuation roll.	> Effective Credit Control & Debt Collection procedures.	On-going.
Review financial policies.	> Implement 2005 General Valuation roll.	> Updated & Implemented financial policies & procedures.	On-going.
Appoint Accountant Income	Maintain & implement financial policies & procedures:	> Added human resources & capacity within Department: Budget & Treasury	31/03/2006.
Sell Pre-paid Electricity	> Free Basic Services & Indigence Subsidy Support;	> Effective Pre-paid Electricity sales	On-going.
Read Water & Electricity meters	> Tariff;	> Accurate monthly reading of Water & Electricity meters	On-going.
Process monthly consumer accounts	> Rates;	> Process & deliver accounts on time.	On-going.
Bank Revenue	> Credit Control & Debt Collection;	> Receipt, bank & secure all revenue.	On-going.
Implement Municipal Finance Management Act, No 56 of 2003 requirements.	> Cash Management, Banking & Investment.	> Meet Municipal Finance Management Act requirements.	31/03/2006
Implement Local Government Municipal Property Rates Act, No 6 of 2004 requirements.	Appointment of Accountant Income	> Meet Municipal Property Rates Act requirements.	31/12/2005 28/02/2006 31/03/2006 30/06/2006

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Although a 100% correctness of meter readings and consumer accounts is expected the possibility exist that there might be errors (1.00%) from time to time;
- A drastic decrease in outstanding debtors is not foreseen but through effective credit control and debt collection procedures a further increase would stop;
- The appointment of an Accountant: Income is subject to finding the capable person who has the experience to perform this function.

#### 1.4.2. Expenditure and Control

This function is situated in Lady Grey and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and compilation of annual financial records and statements. The Key Performance Indicators were:

Baseline	Outputs	Outcome	Target Date
Reconciliation & Payment of Creditors.	> Monthly reconciliation & payment of all creditors.	> Accurate monthly reconciliation & payment of all creditors.	Ongoing.
Control Purchases.	> Monthly controlling of purchases.	> Effective control over purchases.	Ongoing.
Process Payroll.	> Monthly processing of payroll.	> Accurate monthly processing of payroll.	Ongoing.
Maintain Existing Loans.	Monthly maintaining & updating of: > External DBSA loans; > Internal Revolving Fund loans / advances.	> Accurate maintaining existing loans.	Ongoing.
Maintain Insurance Portfolio.	> Annually update & maintain council's insurance portfolio.	> Ensure that all assets are annually insured in terms of council's Insurance Portfolio.	Ongoing.
Maintain Investments.	> Monthly updating & maintaining council's investments.	> Accurate monthly updating & maintaining council's investments.	Ongoing.
Review Financial Policies.	Update & implement financial policies & procedures: > Supply Chain Management; > Loans & Contractual Agreements; > Assets Management & Insurance; > Cash Management, Banking & Investment.	> Updated financial policies & procedures.	31/01/2006 31/12/2005 31/12/2005 31/12/2005
Implement Municipal Finance Management Act, No 56 of 2003 requirements.	Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.	> Meet Municipal Finance Management Act requirements.	31/03/2006

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff needs training and support.

#### 1.4.3. Budgeting

The annual compilation of council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of council's Integrated Development Plan (IDP). This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date. The Key Performance Indicators were:

Baseline	Outputs	Outcome	Target Date
Planned Budget Process.	> Compile & publish budget time schedule. > Establish & publish committees & consultation forums.	> Planned budget process.	30/09/2005.
Strategized Budget Process.	> Outreach programme to all wards.	> Strategized budget process.	31/12/2005.
Prepared Budget & Supporting Documents.	Review & prepare: > Integrated Development Plan (IDP); > Service Delivery Agreements; > Entities; > Organogram; > Delegations; > Budget Related Policies; > Operational & Capital Budget;	> Prepared draft budget & supporting documents.	15/03/2006.

	<ul style="list-style-type: none"> <li>&gt; Determine Rates &amp; Tariffs.</li> <li>&gt; Consult with established committees &amp; forums.</li> </ul>		
Tabled Budget & Supporting Documents.	> Table budget & supporting documents.	> Tabled budget & supporting documents.	31/03/2006.
Approved Budget & Supporting Documents.	> Approve budget & supporting documents.	> Approved budget & supporting documents.	31/05/2006.
Finalize Budget Process.	<ul style="list-style-type: none"> <li>&gt; Budget &amp; Supporting documents to: <ul style="list-style-type: none"> <li>- National Treasury;</li> <li>- Provincial Treasury;</li> <li>- Publish &amp; Website.</li> </ul> </li> <li>&gt; Service Delivery &amp; Budget Implementation Plan (SDBIP).</li> </ul>	> Finalized budget process.	15/07/2006.

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff need training and support;
- Implementation of time schedule depends on support and commitment of politicians and all heads of departments;
- Finalization of personnel budget depends on timely salary negotiations between SALGA / SAMWU / IMATU.

#### 1.4.4. Accounting and Reporting

This section is responsible for maintaining council's financial accounting records and ensures that it is updated daily by reconciling the supporting registers. Monthly and quarterly financial reports are submitted to the National and Provincial Treasury and Finance Standing and Executive committees. It is also this department's responsibility to compile the Annual Financial Statements. The Key Performance Indicators set were:

Baseline	Outputs	Outcome	Target Date
Maintaining Accounting Records.	> Daily & monthly updating of accounting records.	> Updated and maintained accounting records.	Ongoing.
Submit Financial Reports.	<ul style="list-style-type: none"> <li>MFMA required reporting to: <ul style="list-style-type: none"> <li>&gt; National Treasury;</li> <li>&gt; Provincial Treasury;</li> <li>&gt; Accounting Officer;</li> <li>&gt; Executive Committee;</li> <li>&gt; Municipal Council.</li> </ul> </li> </ul>	> Processed financial reports as required by Municipal Finance Management Act, No 56 of 2003.	Ongoing.
Reconcile Supporting Registers.	<ul style="list-style-type: none"> <li>Monthly reconciliation of supporting registers: <ul style="list-style-type: none"> <li>&gt; Funds;</li> <li>&gt; Loans;</li> <li>&gt; Assets;</li> <li>&gt; Banks;</li> <li>&gt; Investments;</li> <li>&gt; Debtors;</li> <li>&gt; Creditors; and</li> <li>&gt; Income &amp; Expenditure.</li> </ul> </li> </ul>	> Monthly reconciled supporting registers.	Ongoing.
Completed Annual Financial Statements.	> Compilation of annual financial statements.	> Compiled 2004 / 2005 Financial Statements.	31/08/2005.
Completed Annual Report – Department: Budget & Treasury Service.	> Compilation of annual report for Department: Budget & Treasury Service.	> Compiled 2004 / 2005 annual report for Department: Budget & Treasury Service.	31/12/2005.
Implement Municipal Finance Management Act, No 56 of 2003 requirements.	Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.	> Meet Municipal Finance Management Act requirements.	31/03/2006

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff need training and support.

#### 1.4.5. Information Technology

Although not yet fully functional, this function is situated in Lady Grey from where all computer hard- and software used at all three administrative units are supported and maintained. The implementation and maintenance of council's Geographical Information System is also part of this function. The Key Performance Indicators set are:

Baseline	Outputs	Outcome	Target Date
Maintain Information (IT) Systems.	<ul style="list-style-type: none"> <li>&gt; Maintain &amp; Upgrade of computer hard- &amp; software.</li> <li>&gt; Secure computer hard- &amp; software services.</li> <li>&gt; Training to all staff in utilizing IT systems effectively.</li> <li>&gt; Develop IT policies.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Comprehensive IT infrastructure.</li> <li>&gt; Staff trained in utilizing IT infrastructure effectively.</li> <li>&gt; Updated IT policies.</li> </ul>	<p>Ongoing.</p> <p>Ongoing.</p> <p>31/03/2006.</p>
Maintain Geographical Information System (GIS).	<ul style="list-style-type: none"> <li>&gt; Update General Plans' (GP's)</li> <li>&gt; Update Ownership / Title Deed information</li> <li>&gt; Update Valuation information</li> <li>&gt; Update Road &amp; Street infrastructure</li> <li>&gt; Update Geographical information</li> <li>&gt; Update ESCOM infrastructure</li> <li>&gt; Update electrical infrastructure</li> <li>&gt; Update water infrastructure</li> <li>&gt; Update sewerage infrastructure</li> <li>&gt; Update solid waste infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Implementation of Phase II of Geographical System (GIS).</li> </ul>	Ongoing.
Process Records & Information.	<ul style="list-style-type: none"> <li>&gt; Daily &amp; monthly processing of records when required by other departments.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Required reports &amp; information to all departments.</li> </ul>	Ongoing.
Develop & Maintain Municipal Website.	<ul style="list-style-type: none"> <li>&gt; Develop &amp; maintain municipal Website.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintained municipal Website.</li> </ul>	31/03/2006.

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff need training and support.
- The success of the IT infrastructure and the completeness of the GIS depend on the input of all heads of departments.

#### 1.4.6. Assets and Stores

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar-coding all movable assets. The Key Performance Indicators set were:

Baseline	Outputs	Outcome	Target Date
Maintain Comprehensive Assets Register.	<ul style="list-style-type: none"> <li>&gt; Recording &amp; Marking (Bar-coding) of all assets.</li> <li>&gt; Updating &amp; maintaining a comprehensive assets register.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Effective computerized marking &amp; recording of all movable assets</li> <li>&gt; Comprehensive assets register.</li> </ul>	<p>31/03/2006</p> <p>31/03/2006.</p>
Maintain Inventory Lists.	<ul style="list-style-type: none"> <li>&gt; Compiling, updating &amp; maintaining of inventories.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Comprehensive inventories.</li> </ul>	31/03/2006.
Revalue Fixed Assets.	<ul style="list-style-type: none"> <li>&gt; Revalue fixed assets.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Revalued fixed assets.</li> </ul>	30/06/2006

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff need training and support.
- The success of compiling a comprehensive Assets Register and Inventories depend on the input of all heads of departments.

#### 1.4.7. Motor Vehicle Licensing

Apart from the road worthy's, driver's licenses, etc. performed at the Grade A Traffic Test Station situated in Barkly East, the NaTIS motor vehicle registration facility service is also rendered by council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Plans are in place to extend these facilities to the Sterkspruit administrative unit. The Key Performance Indicators set were:

Baseline	Outputs	Outcome	Target Date
Maintain Motor Vehicle Licensing Registration Facilities.	<ul style="list-style-type: none"> <li>&gt; Avail facilities for the licensing of motor vehicles.</li> <li>&gt; Maintain and perform National Traffic Information System (NaTIS) on behalf of the Department of Transport.</li> <li>&gt; Establish Motor Vehicle Registration facility in Sterkspruit.</li> <li>&gt; Train staff to operate NaTIS system.</li> </ul>	> Motor vehicle registration facilities available at all three administrative units manned by trained staff.	30/06/2006.

The following financial and administrative realities, as well as cost, resources and capacity constraints / risks are foreseen:

- Financial staff need training and support.
- Approval is needed by the Department of Transport to establish a motor vehicle registration facility in Sterkspruit.

## 2. 2006 / 2007 BUDGET

### 2.1. 2006 / 2007 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (section 15 to 33) of the MFMA and all steps were taken to ensure that the municipality meets these requirements. The municipality has as far as possible tried to compile the 2006 / 2007 Budget in the format prescribed by National Treasury – MFMA Circular No 28 – Budget Content and Format – 2006 / 07 MTREF.

#### 2.1.1. Table of Contents

Page numbers and Annexures reflected below are those of the budget document and are available on request.

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5.13	Summary of Detailed Capital Plan	9	

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### 2.1.2. Mayoral Budget Speech

The budget considered for approval today is not only the first for the newly elected Council, but also the first in the new GRAP format prescribed by the National Treasury (MFMA Circular No 28 – Budget Content and Format – 2006 / 07 MTREF). Understanding the contents and the format that differs from that, that we are used to is going to result in a lot of questions. Ask them, let us debate them and learn from one another. It's new to all of us.

It was a great challenge to meet these requirements and to all who participated and made inputs during this long process starting way back in August 2005 when we evaluated ourselves on the previous year's budget process, and finally put together this budget tabled today, well done. Especially to the Municipal Manager, his management and the budget technical committee who did not allow the 2006 municipal elections to derail the budget process, but ensured that the deadlines as reflected on the Schedule of Key Deadlines were met.

This draft budget is without doubt a product of community participation. The outreach programme to all wards was once again a great success and has guided Council as to what the needs of the community. Although the participation of sector departments (national, provincial and district) has improved, the lack of detailed information with certain departments, is a great concern that needs to be addressed. Apart from the national allocations the provincial and district contributions to the needs of this community, as prescribed by the MFMA, are not yet known.

After today council would advertise its 2006 / 07 budget and the province and district would once again be engaged as to confirm their contributions to the community of this municipality. Once known, it would be shared with this council and community. A special day would be set aside so that the contents of this budget would be shared with the budget local and budget sector consultation forums. The budget and supporting documents would also be available at the Barkly East, Lady Grey and Sterkspruit administrative units for scrutinizing. You are encouraged to involve your ward committees in participating in this process. Today you would also witness the launch of this municipality's website – [www.senqu.gov.za](http://www.senqu.gov.za) – through which you will also be able to access the budget and all supporting documents.

#### 2.1.2.1. Capital Expenditure (Table 2 – Capital Programme)

Council's MIG (Municipal Infrastructure Grant) allocation has been drastically reduced from the anticipated R 13 512 000 to a mere R 7 328 000 for the 2006 / 07 budget year. This has left council with no other option but to utilize some of its cash-backed surplus funds to ensure that service delivery continue without interruption. The MIG allocation of R 7 554 000 (municipal financial year) would be used finance existing MIG projects:

Upgrade of Access Roads in Ward 7, 8, 9 and 12	R 1 489 078
Construction of 10 Multi Purpose Community Centers	R 1 707 028
Construction of 6 Multi Purpose Community Centers	R 765 908
Establishment of Formal Cemeteries	R 2 657 661
Establishment of Animal Pounds	R 521 872
Rossouw Solid Waste Site	R 46 053
<i>Establishment of MIG Project Management Unit (PMU)</i>	<i>R 365 000</i>

It is anticipated that R 12 471 176 (R 16 450 – Department Health; R 2 200 726 – Water Service Authority; R 3 304 000 – Revenue and R 6 950 000 – Surplus Funds) from council's operational budget would go towards capital projects. It would amongst others be used to finance the following capital expenditure:



Additional Office Accommodation	R 3 000 000
Road Maintenance Equipment	R 2 250 000
Electricity Infrastructure	R 774 000
Electricity Vehicle (Cherry Picker)	R 180 000
Chairs for Community Halls	R 20 000
Construction of Toilets at Fairview Crèche	R 150 000
Construction of Community Hall at Tapoleng	R 750 000
Construction of a Community Hall at Majuba	R 750 000
Completion of Sport Facilities at Khwezi-Naledi	R 1 200 000

It is anticipated that the remainder of the R 40 040 213 capital budget, R 20 381 437 would go towards existing housing projects.

Although allocations were made to two high priority projects (Additional Office Accommodation and Road Maintenance Equipment) it is clear that additional funding to complete these projects is needed. Management is currently undertaking the necessary research and needs analysis which would be tabled during the 2006 / 2007 financial year for consideration. This information statement as required by the Municipal Finance Management Act would guide Council on the way forward.

#### 2.1.2.2. Operational expenditure (Table 1)

There is a need to highlight the following in Council's operational budget:

- Councillors remuneration amounts to R 5 401 100 of which R 1 356 800 is financed by a special allocation to be received from the national government;
- Personnel costs vs. total operational expenditure once agency functions like water, sanitation and health have been excluded are 35.25%. It was unavoidable but to provide for an additional 16 posts to be filled during the 2006 / 07 budget year;
- Amongst others the following expenditure was provided for:

Agricultural projects in rural villages and on commonages	R 200 000
LED Strategy	R 280 000
LED Youth project	R 200 000
Special Programmes	R 70 000
Training for staff and councillors	R 625 300
Tourism	R 500 000
Brick Making	R 300 000
Cleaning projects in towns	R 320 000

- R 6 178 345 would go directly to provide services to the poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy;
- Funding to repair the following bridges was provided for:

Sunduza	R 500 000
Qhimirha	R 500 000
Mokhezi	R 350 000
Khwezi-Naledi	R 350 000

#### 2.1.2.3. Rates and Tariffs

Many hours and long debates within the budget executive and budget technical committees has resulted in probably the most transparent and fair budget-related policies that this council has seen. During the consultation meetings held on council's new rates policy as required in terms of the new Municipal Property Rates Act, No 6 of 2004, community participation exceeded all expectations. One can proudly say council's policies are the community's policies.

The following budget-related policies, as well as the Tariff structure for 2006 / 07 have been published for community presentations and comments:

- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

An increase of 6.5% on all water and sanitation tariffs and 6.0% on all refuse removal tariffs have been budgeted for. The rates tariff will increase by 6.0% to 1.59% and to encourage development of vacant property the rates tariff on vacant properties would be 3.18%. With the help of ESCOM council's electricity tariffs have been redesigned to reflect a cost related tariff. This would be submitted to the National Electricity Regulator for consideration and approval.

Council's By-Laws supporting these policies have also been promulgated.

#### 2.1.2.4. Conclusion

Council has advertised its tabled 2006 / 2007 draft budget, Integrated Development Plan and new Rates policy on the 7<sup>th</sup> April 2006 for community presentation and comments. A copy thereof was also forwarded to the National and Provincial Treasury and was also made available on the municipal web-site – [www.senqu.gov.za](http://www.senqu.gov.za). The following needs to be reported:

- Only one submission – Senqu Tourism – was received and after consideration an additional amount of R 100 000 was allocated to tourism;
- No allocations were received from Ukhahlamba District municipality;
- Although not yet gazetted the following allocations were made by the Provincial Government:

Project	Amount	Vote
Municipal Performance Management System	R 70 000	1101 / 2007
Development of Performance Contracts	R 110 000	1101 / 2019
Establishment of Ward Committees	R 50 000	1100 / 2020

- National Government allocations have been gazetted and stayed unchanged:

Municipal Infrastructure Grant	R 7 327 839	Capital
Equitable Share (including contribution to councillor remuneration)	R 26 292 835	Operational
Finance Management Grant	R 500 000	3150 / 5502

- The Executive Committee and Management would meet on the 12<sup>th</sup> – 14<sup>th</sup> June 2006 to finalize the SDBIP (Service Delivery and Budget Implementation Plan) and performance agreements for senior managers, to be tabled for approval before the 30<sup>th</sup> June 2006;
- At this meeting the measurable performance objectives and cash flow statements would also be finalized.

#### 2.1.3. Budget Related Resolutions

As required by the Municipal Finance Management Act, No 56 of 2003, and to reflect the legal form of the budget, the draft resolutions to be considered upon approval of the budget after the consultation process would be:

1. Council resolves that the annual budget of the municipality for the financial year 2006 / 07; and indicative for the two projected outer years 2007 / 08 and 2008 / 09 be approved as set-out in the following schedules:

Operating revenue by source reflected in Schedule 1;  
 Operating expenditure by vote reflected in Schedule 2;  
 Operating expenditure by GFS classification reflected in Schedule 2 (a);

Capital expenditure by vote reflected in Schedule 3;  
Capital expenditure by GFS classification reflected in Schedule 3 (a); and  
Capital funding by source reflected in Schedule 4.

2. Council resolves that property rates reflected in Council's Tariff Structure – See Annexure 1 and any other municipal tax reflected in Council's Tariff Structure – See Annexure 1 are imposed for the budget year 2006 / 07.
3. Council resolves that tariffs and charges reflected in Council's Tariff Structure – See Annexure 1 are approved for the budget year 2006 / 07.
4. Council resolves to adopt the amended Integrated Development Plan reflected in Annexure 2.
5. Council resolves that the amended policies for credit control, debt collection and indigents as reflected in Annexure 3 - 7 are approved for the budget year 2006 / 07.
6. Council resolves that the other amended budget related policies reflected in Annexure 3 - 7 are approved for the budget year 2006 / 07.
7. Council notes that the SDBIP (Service Delivery and Budget Implementation Plan), including the measurable performance objectives for revenue and for each vote would be tabled before the 30<sup>th</sup> June 2006.

When the budget is tabled for approval, the approval should be based on these or amended resolutions.

#### **2.1.4. The Budget**

All steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

##### **2.1.4.1. Executive Summary**

As required the Budget Executive committee met for the first time on 29 August 2005 during which council's previous year's (2005 / 06) budget process was evaluated through the BEC (Budget Evaluation Checklist). At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council on 26 August 2006, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2006 the Budget Executive Committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in all 16 wards. All needs recorded were later prioritized and included in Council's Integrated Development Plan.

The budget technical committee has in the meantime addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2005 / 2006 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritize community needs in the IDP.

During January 2006 the draft budget and supporting documents were tabled to the Budget Executive Committee for consideration, discussion and approval.

Council's Draft 2006 / 2007 budget, IDP and new Rates policy as well as all other budget-related documents were advertised for public comments and presentations after it have been tabled on the 31<sup>st</sup> March 2006. All presentations / submissions were dealt with by the Executive Committee.

#### **2.1.4.2. Budget Schedules**

Schedule 1 – Revenue by source

Council's realistic anticipated revenue of R 64 288 508, of which the Government grants and subsidies amounts to R 28 744 635, is set out on Schedule 1.

Schedule 2 – Operating expenditure by vote (functional area / department)

Schedule 2 (a) – Operating expenditure by GFS (Government Finance Statistics) classification

Detail of this budgeted expenditure of R 64 210 403 is reflected on Table 1 and Table 1 (a).

Schedule 3 – Capital expenditure by vote

Schedule 3 (a) – Capital expenditure by GFS classification

Details of council's three year (MTREF) are reflected on Table 2.

Schedule 4 – Capital funding by source

Details of council's funding are reflected on Table 2.

#### **2.1.4.3. Budget Related Charts and Explanatory Notes**

Table 1 – An analysis of the Operating expenditure

Table 1 (a) Page 1 – Operating expenditure by vote

Table 1 (a) Page 2 – Revenue by vote

Table 2 – Detailed Capital Programme

#### **2.1.5. Supporting Documentation**

The numerous number of documents required as supporting documents in terms of section 17 (3) of the Municipal Finance Management Act, No 56 of 2003, are either included as schedules, tables or annexure into this budget or circulated separately. The documents are also available at the Barkly East, Lady Grey and Sterkspruit administrative units and on council's web-site – [www.senqu.gov.za](http://www.senqu.gov.za).

#### **2.1.5.1. Budget Process Overview**

The MFMA Circulars 10, 19 and 28 issued by the National Treasury were used as a guidance mechanism during the 2006 / 07 budget process. From this council has developed an IDP (Integrated Development Plan) and Budget policy to guide the established Budget Executive and Budget Technical committees.

The Budget Executive Committee consists of the Mayor, Speaker, council's five executive committee members, the Municipal Manager (as Accounting Officer) and all senior managers. This committee provides the necessary political oversight to the Budget Technical Committee, which consists of the Municipal Manager, all senior managers and senior staff from the different departments – Corporate and Support, Budget and Treasury, Technical and Engineering and Community and Social services. Staff from the Budget and Treasury Department under guidance of the Chief Financial Officer, acts as secretariat to both committees. Budget Technical Committee meetings are held when required to meet the deadlines stipulated in council's Schedule of Key Deadlines and report back to the Budget Executive Committee every second month or when required. The Mayor and Municipal Manager acts as chairperson to the Budget Executive and Budget Technical Committee respectively.

The Schedule of Key Deadlines issued by National Treasury was also used as guideline for p its own Schedule of Key Deadlines, which takes effect once council has approved it during August. A summarized version thereof is then advertised in the local newspapers and placed on council's web-site. Interest groups and stakeholders are annually invited to register and from part of council's Local Budget Consultation Forum. Council's IDP and Budget policy provides guidelines as to how this forum and the Sector Budget Consultation Forum should be established. Amongst others, has Council ensured that at least two members of each of its sixteen ward committees are represented on the Local Budget Consultation Forum. All relevant national and provincial departments, as well as the district municipality – Ukhahlamba district municipality – forms part of the Sector Budget Consultation Forum. Council meets at least two times during the budget process and once after the draft budget has being tabled with these forums.

The Budget Executive Committee, with the involvement of the ward councillors and ward committees, annually engage itself in an Outreach Programme during which community meetings are held in all sixteen wards. This has proved to be a very fruitful exercise as the community uses this opportunity to inform council of their needs. All needs / problems discussed, whether local, district, provincial or national are recorded, prioritized and summarized in a report for follow-up or inclusion into council's IDP.

Non-local issues (national, provincial and district) raised are discussed at the Sector Budget Consultation Forum, whilst local issued are prioritized by the Local Budget Consultation Forum for inclusion in council's IDP.

Any matter needing a broader political overview is discussed with the full council by the Mayor and brought back to the Budget Executive committee. Council treats its IDP and budget process as one process and is always discussed at the same time at committee and forums.

Once the draft budget is tabled by the Mayor in March, the budget and required supporting documents are made available for representation and / or comments. It can either be viewed in hard copy at one of council's administrative units or on council's web-site – [www.senqu.gov.za](http://www.senqu.gov.za). The tabling and invitation to submit representation / comments are also advertised in locally circulated newspapers and on municipal notice boards.

The Budget Executive committee keeps record and deals with all representations and comments received. Any adjustments resulting there from are done before the budget is submitted for approval towards the end of May.

#### **2.1.5.2. Alignment of Budget with Integrated Development Plan**

Council's reviewed Integrated Development Plan (IDP), as discussed at various committee and forum meetings, is attached as Annexure 2 and is also available on council's website. A hard copy thereof is available at council's three administrative units.

The following Supporting Tables would reflect council's ability to finance the priorities identified in its IDP:

Table 3 – Reconciliation of IDP and Budget – Revenue;

Table 4 – Reconciliation of IDP and Budget – OPEX (Operational Expenditure);

Table 5 – Reconciliation of IDP and Budget – CAPEX (Capital Expenditure).

### 2.1.5.3. Budget Related Policies Overview and Amendments

Council's budget related policies are attached as:

- Annexure 3 – Budget and Integrated Development Plan (IDP) policy;
- Annexure 4 – Credit Control and Debt Collection policy;
- Annexure 5 – Free Basic Service and Indigent Subsidy Support policy;
- Annexure 6 – Tariff policy; and
- Annexure 7 – Rates policy.

Apart from the new Rates policy, the existing policies were reviewed by the Budget Executive and Budget Technical committees and no amendments thereto were required. A new Rates policy as required by the Municipal Property Rates Act, No 6 of 2004, was developed through a consultation process.

### 2.1.5.4. Funding the Budget

Council's MIG (Municipal Infrastructure Grant) allocation has been drastically reduced from the anticipated R 13 512 000 to a mere R 7 328 000 for the 2006 / 07 budget year. This has left council with no other option to utilize some of its cash-backed surplus funds to ensure service delivery continue without interruption. It is anticipated that R 12 471 176 (R 16 450 – Department Health; R 2 200 726 – Water Service Authority; R 3 304 000 – Revenue and R 6 950 000 – Surplus Funds) from council's operational budget would go towards capital projects, whilst the remainder of the R 40 040 213 capital budget, R 20 381 437 would go towards existing housing projects. Detail thereof are reflected on Schedule 4 and Table 2.

Detail of council's anticipated operational revenue is reflected on Schedule 1.

- Table 6 – Investment Particulars by Type;
- Supporting Table 4 (a) – Investment Particulars by Maturity;
- Supporting Table 5 – Government Grants and Subsidies – Allocations;
- Supporting Table 6 – New Borrowings.

### 2.1.5.5. Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements:

- |   |   |
|---|---|
| Annexure 8 – Belstow Traffic Solutions –<br>Municipal contribution – R Nil;         | Traffic Law Enforcement –                     |
| Annexure 9 – ESCOM –<br>East – Municipal contribution – R Nil;                      | Bulk Electricity Supply to the town of Barkly |
| Annexure 10 – ESCOM –<br>Grey – Municipal contribution – R Nil;                     | Bulk Electricity Supply to the town of Lady   |
| Annexure 11 – ESCOM –<br>Sterkspruit – Municipal contribution – R Nil;              | Bulk Electricity Supply to the town of        |
| Annexure 12 – Electoral Commission –<br>Municipal contribution – R Nil;             | Establishment of Electoral Unit –             |
| Annexure 13 – ESCOM –<br>Municipal contribution – R Nil;                            | Free Basic Electricity to Rural consumers –   |
| Annexure 14 – Department of Transport –<br>– Municipal contribution – R Nil;        | Registration and Licensing of motor vehicles  |
| Annexure 15 – Department of Health –<br>Municipal contribution – R Nil;             | Primary Health Care –                         |
| Annexure 16 – Ukhahlamba district municipality –<br>Municipal contribution – R Nil; | Establishment of Senqu Tourism office –       |
| Annexure 17 – Senqu Tourism –<br>Municipal contribution – R 500 000;                | Tourism function –                            |

Annexure 18 – Water Service Authority (Ukhahlamba district municipality) – Water and Sanitation Services – Municipal contribution – R Nil;

Annexure 19 – Development Bank of South Africa – Local Government Network – Municipal contribution – R Nil;

Annexure 20 – BERTA – Management Barkly East Caravan Park – Municipal contribution – R Nil.

## 2.2. Integrated Development Plan (IDP) – 2006 / 2007 Review

### 2.2.1. Review Process

- ❑ Outreach programme to all wards by the executive council of Senqu Municipality during the months of October and November 2005 to identify new priorities.
- ❑ Local Consultation Forum / Budget meetings were held at Lady Grey (31/01/06), Sterkspruit (31/01/06) & Barkley East (01/02/06).
- ❑ Review of the IDP strategic objectives and strategies by the Budget Technical Committee on the 13 December 2005.
- ❑ Determination of projects to meet objectives and strategies.
- ❑ Alignment with the Ukhahlamba District Municipality and Sector Departments in February 2006.
- ❑ Public participation in February 2006.
- ❑ Service Level Agreements put into place and proposed budget and service delivery plans taken to Council (March 2006).
- ❑ IDP and Budget published for comment (April 2006).
- ❑ Consultation with Sector Departments (February / March 2006).
- ❑ Revise IDP and Budget if necessary (April 2006)
- ❑ Public hearings and Council Debate on IDP and Budget ( May 2006)
- ❑ Amendments to IDP and Budget.
- ❑ Final approval end June 2006.
- ❑ IDP Document submitted to MEC of Department of Provincial and Local Government for comment.
- ❑ 2007 / 2008 IDP annual review starts in August 2006 in conjunction with budget processes.

### 2.2.2. Integrated Development Plan (IDP) Forums

The Budget Technical committee comprised the Municipal Manager, IDP Officer, Heads of Departments and senior staff which will deal with all IDP and budget matters and advise the Budget Executive Committee.

The Budget Local and Sector Consultation forums, as well as the outreach programme served as the primary vehicle for consultation and public participation in the course of the IDP's formulation and review. These forums comprised of numerous stakeholders; including political parties, youth and women's organisations, individuals, Government structures, NGO's and other organisations of civil society.

### 2.2.3. Key Information

Senqu Municipality is geographically, the largest Municipality in Ukhahlamba District Municipality with the area of 6772 km<sup>2</sup>. Senqu Municipality has a unique feature of being on the border between the Eastern Cape Province and the Lesotho with beautiful mountains and numerous rivers offering game fishing opportunities thus increasing the potential tourism in the area. Elundini and Sakhisizwe Municipalities are in the South of Senqu Municipality. To the North is the border between the Eastern Cape Province and the Free State Province. To the west is Maletswai Municipality.

Senqu Municipality consists of the following towns:

- Lady Grey (including Transwilger and Khwezi-Naledi);
- Barkley East (including, Nkululeko and Fairview);
- Sterkspruit;
- Rhodes (including Zakhele); and
- Rossouw

Senqu Area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel and Sterkspruit and portions of Lady Grey, Wodehouse (Dordrecht) and Indwe.

The R58 and R392 form the key transport routes through the municipality and links onto the N6 at Aliwal North.

According to the 2001 census, Senqu Municipality has a total population of 138 704 people in the area. *Senqu Municipality considers this figure to be a significant underestimated.* Department of Water Affairs and Forestry figures, considered more accurate, state a population of approximately 192 000.

Approximately 39.23 % of the population falls within the 0 – 14 Years Age Grouping, 34.13 % of those between 15 and 34 years, from 35 to 64 years about 20.53 % and 65 and above accounting for 7.45 %.

Less than 13% of the population is formally employed whilst approximately 87% of the households earn less than R1 600 per month of which 17% of the households earn nothing (i.e. are unable to report a constant source of income).

The Senqu municipality is a democratically elected Category B municipality, whose Council is comprised of elected ward councillors (16) and proportional representation councillors (16). The municipality was established as provided for in section 12 of the Municipal Structures Act, No 117 of 1998, as amended and is a collective executive type.

The municipality's powers and functions are:

- Air pollution;
- Building regulations;
- Child care facilities;
- Electricity reticulation and distribution;
- Local tourism;
- Municipal planning;
- Traffic;
- Street lighting;
- Refuse and solid waste;
- Pounds;
- Abattoirs;
- Sport facilities;
- Cleansing;
- Cemeteries; and
- Municipal public works.

#### 2.2.4. 2005 / 2006 Priority Issue Areas

The following priority issues were identified during the community outreach programme and community consultations with the executive committee and management. It takes into account issues also raised during the needs analysis of the original IDP:



- ❖ Institutional capacity building;
- ❖ Institutional restructuring;
- ❖ Water and sanitation;
- ❖ Addressing HIV / Aids;
- ❖ Stimulation of the economy with special emphasis on agriculture;
- ❖ Roads and storm water;
- ❖ Electricity provision; and
- ❖ Housing provision and the acquisition of land.

### 2.2.5. Strategic Development Objectives

Objectives	Strategies
To support the increase in the economic growth of the area by at least 3% by end June 2007.	<ul style="list-style-type: none"> <li>&gt; Procurement policy to support skills transfer.</li> <li>&gt; Initiate Job Creation Programme.</li> <li>&gt; Establishment of sustainable agricultural and tourism projects.</li> <li>&gt; Maximize natural resources.</li> <li>&gt; Promotion of local employment.</li> <li>&gt; Opening up economic opportunities.</li> <li>&gt; Increase Public Private Partnership.</li> <li>&gt; Market the potential of the Area.</li> <li>&gt; Accelerate the establishment of SMME's.</li> <li>&gt; Implement Black Economic Empowerment Policy.</li> <li>&gt; Implement the Expanded Public Works Programme.</li> <li>&gt; Add value to Production.</li> </ul>
To develop skills base for the community of Senqu municipal area by December 2010.	<ul style="list-style-type: none"> <li>&gt; Introduce Capacity Development Programmes.</li> <li>&gt; Lowering the illiteracy rate.</li> <li>&gt; Establish accessible ABET centre.</li> <li>&gt; Support the Department of Education in their endeavours to educate people.</li> <li>&gt; Training programmes to be biased towards women, youth and disabled.</li> <li>&gt; Training programmes on municipal projects are coordinated and have a special focus in the area of technical and financial skills.</li> </ul>
To mobilize community for the reduction of crime and divert youth from criminal activities by the end June 2008.	<ul style="list-style-type: none"> <li>&gt; Consolidation of community policing forums and mobilization of key role-players in crime prevention.</li> <li>&gt; Support for diverse recreational and sport facilities.</li> <li>&gt; Safety and security awareness programmes for the community.</li> <li>&gt; Local Economic Development.</li> </ul>
To improve public access to social services by the end December 2014.	<ul style="list-style-type: none"> <li>&gt; Lobby key service providers, especially banking, telephone, and television, transport and home affairs.</li> <li>&gt; Improving the transportation system of the area.</li> <li>&gt; Municipal performance.</li> </ul>
To upgrade 200km access roads and ensure that they are maintained sufficiently by end June 2007.	<ul style="list-style-type: none"> <li>&gt; Suitable storm water reticulation installed.</li> <li>&gt; Accessible roads are constructed.</li> <li>&gt; Maintenance and monitoring systems are developed and implemented</li> <li>&gt; Increase capacity of Senqu municipality to perform functions related to roads.</li> <li>&gt; Source funding in line with the roads function.</li> <li>&gt; Purchasing of plant and equipment.</li> <li>&gt; Roads Maintenance Plan</li> <li>&gt; Illima Programme</li> <li>&gt; Expanded Public Works Programme</li> <li>&gt; MIG Programme</li> </ul>
To provide clean water to all residents by end December 2008.	<ul style="list-style-type: none"> <li>&gt; Lobby Water Services Authority (Ukhahlamba District Municipality)</li> </ul>
To increase access to adequate sanitation to all residents by end December 2014.	<ul style="list-style-type: none"> <li>&gt; Lobby Water Services Authority (Ukhahlamba District Municipality)</li> </ul>
To ensure that more households have access to reliable electrical services by end December 2006.	<ul style="list-style-type: none"> <li>&gt; Lobby ESCOM.</li> <li>&gt; Upgrading existing reticulation.</li> <li>&gt; Establishment of REDS.</li> </ul>
To ensure that more than 15 000 inhabitants have access to formal housing by end of December 2014.	<ul style="list-style-type: none"> <li>&gt; Registration of housing applications.</li> <li>&gt; Utilization of government housing programmes.</li> <li>&gt; Lobby Department of Land Affairs for access to land.</li> <li>&gt; Coordinated service provision.</li> <li>&gt; Ensure correct town planning and zoning procedures are followed.</li> <li>&gt; Ensure sole security of tenure</li> </ul>

	> Establishment of Housing Sector Plan
To ensure that all towns have access to registered solid waste sites by end December 2010.	> Establish registered solid waste sites. > Develop solid waste management plan.
To increase access to health services to all residents by the end of December 2014.	> Lobby District municipality and Department of Health to improve health facilities. > Engage the Provincial Government on the Provincial hospitals. > Aids education in schools is improved through agreements with the Departments of Education and Health. > Aids education is also provided for people not at school through the use of trained and qualified local AIDS counsellors. > Establish basic services and infrastructure.
To improve communications with all stakeholders	> Access to information > Institute systems to improve communication with institutions > Intergovernmental Forum > Establish communications strategy.
To increase the revenue base of the municipality by at least 3% per annum.	> Revise the current tariff structure. > Identify and diversify sources of revenue. > Comprehensive Valuation Roll > Comprehensive data base > Increase service delivery > Pre-paid electricity systems > Implementation of the Municipal Finance Management Act.
To develop a Disaster management programme by the end of June 2005.	> Lobby Ukhahlamba district municipality. > Compile a local disaster management plan.
To integrate existing by-laws and develop new by-laws by end of June 2005.	> Update by-laws on regular basis.
To improve community lighting in all towns and identify areas for installation by 2008.	> Installation of streetlights in towns > Installation of community lighting in villages on a phased approach > Liaise with ESCOM
To improve institutional capacity.	> Human Resource Development Strategy > Implementation and compliance with all Local Government Legislation > Improve administrative capacity
To ensure Consultative community participation	> Outreach Programme > Comply with all Local Government Legislation > Attendance of Council, budget and IDP meetings
To improve access to community facilities by 2014	> Construction of community halls > Construction of shearing sheds > Construction and rehabilitation of sports grounds > Construction of clinics
To ensure appropriate office space by the end of June 2007	> Extension of Municipal Offices

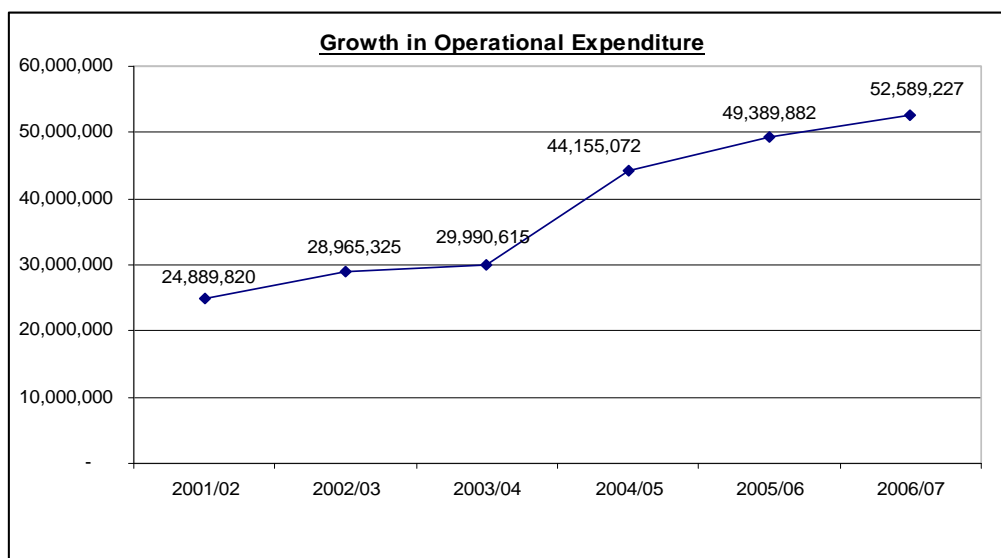
### 2.3. Operational Expenditure

The first challenge was to meet the guideline growth limit of 5.5% increase on expenditure set by the National Treasury. The R 52 589 227 (R 64 210 403 less R 11 621 176 – capital expenditure) budgeted for operational expenditure is 6.47% (R 3 199 345) more than the previous year, but only R 3 849 682 (6.82%) less than the approved 2005 / 2006 Adjustment Budget of R 56 438 909, which is within the limit set. This amount includes services rendered on an agency basis on behalf of:

- Vote 4550 – Sanitation / Sewerage (WSA Ukhahlamba District Municipality) R 6 017 259
- Vote 4650 – Water (WSA Ukhahlamba District Municipality) R 4 702 286
- Vote 5250 – Primary Health Care (Department of Health) R 554 948

#### Growth in Operational Expenditure

Financial Year	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03	2001 / 02
Amount	52 589 227	49 389 882	44 155 072	29 990 615	28 965 325	24 889 820
Percentage Increase	6.47%	11.86%	47.23%	3.54%	16.37%	0

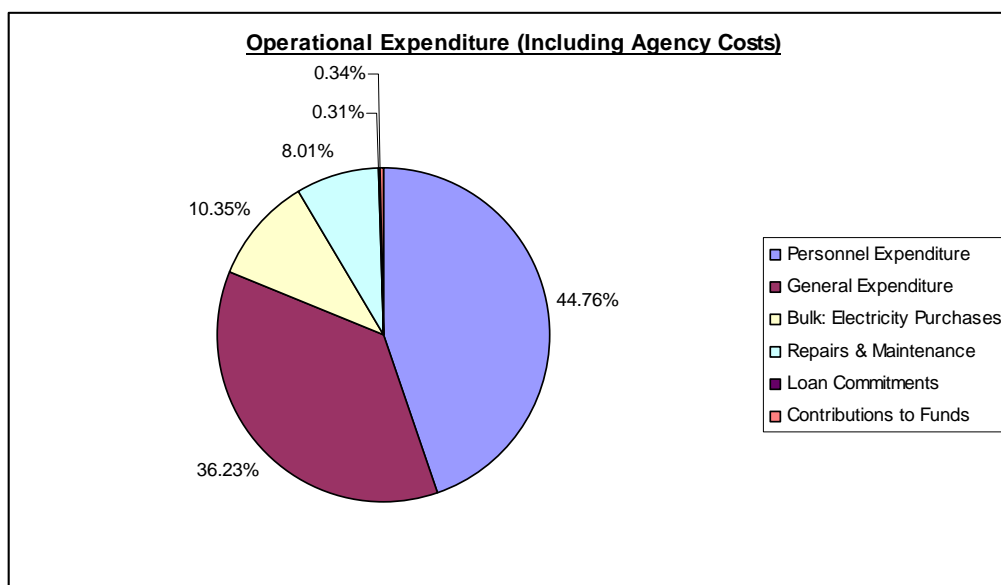


**Operational Expenditure Analysis (Including Agency Functions):**

	2006 / 07 Budget	2005 / 06 Budget	Variance Previous Year	Variance %	% of Total Expenditure	% of Operational Expenditure
Salaries, Wages & Allowances	23 538 168	17 501 590	6 036 578	34.49%	36.66%	44.76%
General Expenditure	19 052 995	13 526 252	5 526 743	40.86%	29.67%	36.23%
Bulk: Electricity Purchases	5 441 300	5 182 190	259 110	5.00%	8.47%	10.35%
Repairs & Maintenance	4 213 744	4 479 260	(265 516)	(5.93%)	6.56%	8.01%
Capital Charges	163 020	353 631	(190 611)	(53.90%)	0.25%	0.31%
Contributions to Capital Outlay	11 621 176	8 134 196	3 486 980	42.87%	18.10%	
Contributions to Funds	180 000	212 763	(32 763)	(15.40%)	0.29%	0.34%
<b>BUDGETED EXPEND.</b>	<b>64 210 403</b>	<b>49 389 882</b>	<b>14 820 521</b>	<b>30.01%</b>		
Less Contr. to Capital Outlay	11 621 176	8 134 196				
<b>OPERATIONAL EXPEND.</b>	<b>52 589 227</b>	<b>41 255 686</b>	<b>11 333 541</b>	<b>27.47%</b>	<b>100.00%</b>	<b>100.00%</b>

**Operational Expenditure Analysis (Excluding Agency Functions):**

	2006 / 07 Budget	2005 / 06 Budget	Variance Previous Year	Variance %	% of Total Expenditure	% of Operational Expenditure
Salaries, Wages & Allowances	18 658 945	13 141 521	5 517 424	41.98%	35.25%	42.86%
General Expenditure	15 588 965	11 850 236	3 738 729	31.55%	29.45%	35.81%
Bulk: Electricity Purchases	5 441 300	5 182 190	259 110	5.00%	10.28%	12.50%
Repairs & Maintenance	3 662 700	4 039 260	(376 560)	(9.32%)	6.92%	8.41%
Capital Charges	0	173 967	(173 967)	(100.00%)	0.00%	0.00%
Contributions to Capital Outlay	9 404 000	6 584 196	2 819 804	42.83%	17.76%	
Contributions to Funds	180 000	212 763	(32 763)	(15.40%)	0.34%	0.42%
<b>BUDGETED EXPEND</b>	<b>52 935 910</b>	<b>41 184 133</b>	<b>11 751 777</b>	<b>28.53%</b>		
Less Contr. To Capital Outlay	9 404 000	6 584 196				
<b>OPERATIONAL EXPEND</b>	<b>43 531 910</b>	<b>34 599 937</b>	<b>8 931 973</b>	<b>25.81%</b>	<b>100.00%</b>	<b>100.00%</b>



### 2.3.1. Personnel Expenditure

Although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate within the norm of 30.0 - 35.0% set by the National Treasury, Department of Provincial and Local Government and SALGA by reducing the current personnel expenditure of **44.76%**. If personnel expenditure of the agency services are excluded the personnel expenditure is only **42.86%**. Comparative figures of the previous year are 42.42% and 37.98%. The slight increase is due to the establishment of the project management unit (PMU) for MIG projects. The amount of R 23 538 168 budgeted for personnel expenditure is **34.49%** (R 6 036 578 ) more than the previous.

Council's approved Organisational Structure provides for **442** posts of which **104** relate to the Water Services Authority (WSA) functions that would be transferred to the Ukhahlamba District municipality once the necessary agreements have been finalized.

#### Post analysis

Department / Function	Posts Filled	Posts Funded but Vacant	Posts Unfunded	Total Number of Posts
Council and Executive	6	1	7	14
Corporate & Support Service	14	5	22	41
Budget & Treasury Service	18	2	9	29
Community & Social Service	58	13	84	155
Technical & Engineering Service	74	6	123	203
<b>Total</b>	<b>170</b>	<b>27</b>	<b>245</b>	<b>442</b>
Percentage	38.46%	6.11%	55.43%	100.00%

#### Render / Race analysis of filled posts

Department / Function	Black Male	Coloured Male	White Male	Black Female	Coloured Female	White Female	TOTAL
Council & Executive	2	0	3	1	0	0	6
Corporate & Support Service	4	0	1	8	1	0	14
Budget & Treasury Service	9	1	0	4	1	3	18
Community & Social Service	45	0	0	12	0	1	58
Technical & Engineering Service	62	3	6	2	0	1	74
<b>Total</b>	<b>122</b>	<b>4</b>	<b>10</b>	<b>27</b>	<b>2</b>	<b>5</b>	<b>170</b>
Percentage	71.76%	2.35%	5.88%	15.88%	1.18%	2.95%	100.00%

### 2.3.2. General Expenditure

The General expenditure (excluding Bulk: Electricity Purchases of R 5 441 300) has increased by **40.86%** (R 5 526 743) to R 19 052 995 which is **36.23%** of the total operating expenditure.

The following aims directly to address projects identified as priorities in council's Integrated Development Plan:

Project	Amount	Funding
Establishment of Ward Committees	50 000	Provincial Allocation
Performance Management System	130 000	Provincial Allocation (70 000) 2005/06 MSP Allocation (60 000)
Performance Agreements	110 000	Provincial Allocation
Town Register & Title Deeds	350 000	Trust Fund Allocation
Sterkspruit Land Audit	60 000	2005/06 Provincial Allocation
Surveying Voyizana	200 000	2005/06 Provincial Allocation
Driver License Training Centre in Sterkspruit	100 000	Trust Fund Allocation
Repairs to Bridges	1 700 000	Revenue
Roads Equipment	2 000 000	Revenue
Rossouw Agricultural Project	350 000	Trust Fund Allocation
Barkly East Disabled Project	50 000	2004/05/06 Provincial Allocation
Lady Grey LED Project	350 000	2004/05 National Allocation
Agricultural Projects on Commonages & Rural Areas	200 000	Revenue
LED Strategy	280 000	Revenue
LED Youth	200 000	Revenue
Brick Making Project	300 000	2005/06 DEAT Allocation
Tourism	500 000	Revenue
Free Basic Services	4 558 285	Revenue

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2005 / 2006 financial year and ESCOM was requested to make this available to all consumers currently using 20 Amp or smaller meters. **R 1 620 060** of council's equitable share allocation has been earmarked for this project that would now be rolled out to Transwilger in Lady Grey and Nkululeko in Barkly East. This programme would be extended during the 2007 / 2008 financial year.

### 2.3.3. Repairs & Maintenance

Council's intention to maintain its infrastructure and assets is clear with the amount of **R 4 213 744**, 8.01% of total operational budget allocated to repairs and maintenance

### 2.3.4. Capital charges / loan commitments

Council has resolved not take up any further loans during the 2006 / 07 financial year.

### 2.3.5. Contributions to Capital Outlay

The **R 11 621 176** ( 18.10% of total operational expenditure) made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan and is **42.87%** more than the previous year's allocation of **R 8 134 196**.

### 2.3.6. Contributions to Funds

Apart from council's statutory obligation of **R 90 000** towards the Revolving Fund, contributions would also be made to:

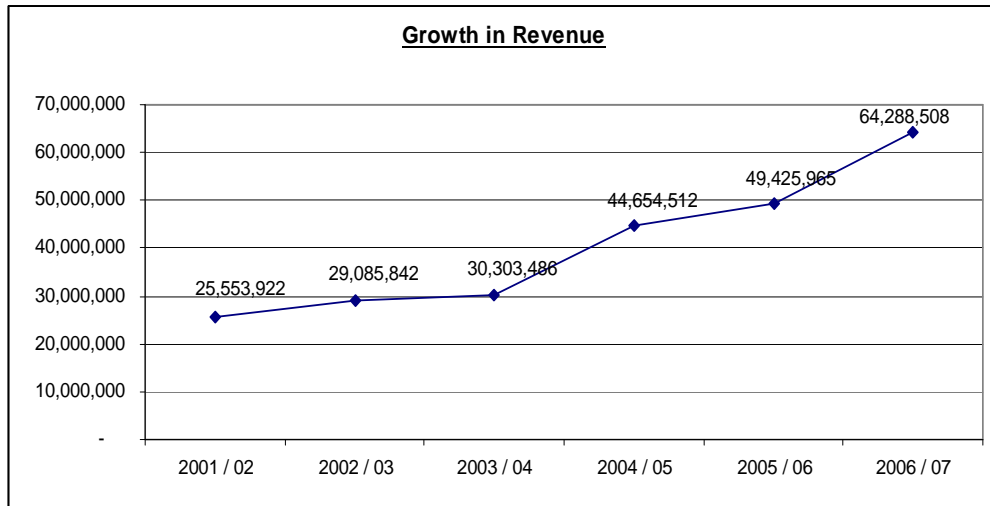
- **R 90 000** to council's Leave Reserve Fund.

## 2.4. Operational Income

The realistic anticipated revenue of **R 64 288 508** is **30.07%** (R 14 862 543) more than the previous financial year and resulted in an estimated surplus of R 78 105. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

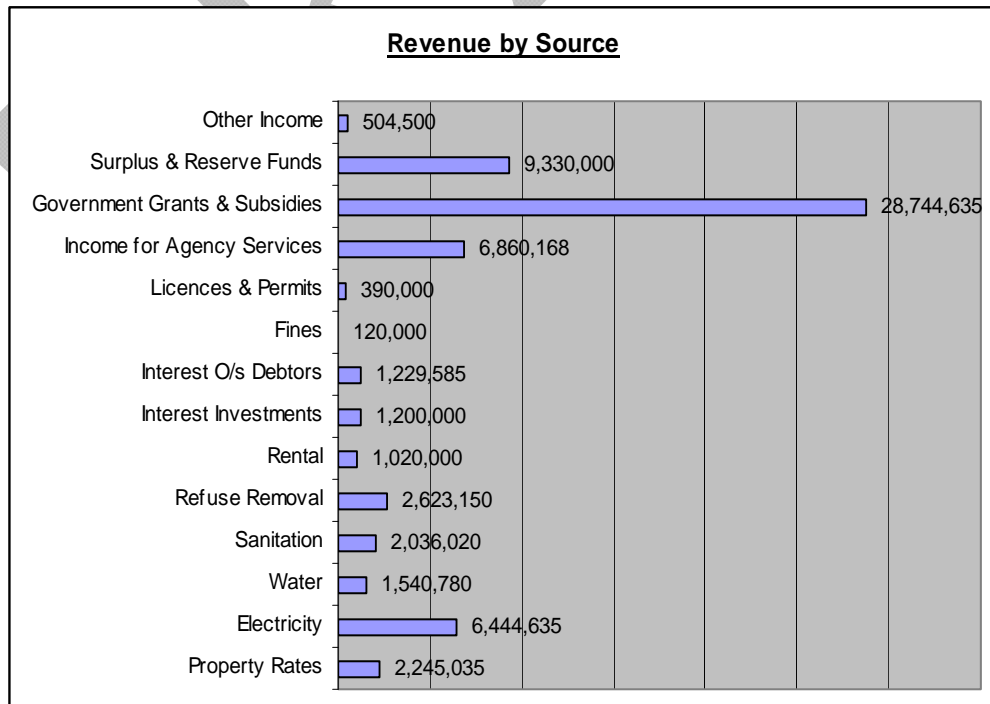
### Growth in Operational Income

Financial Year	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03	2001 / 02
Amount	64 288 508	49 425 965	44 654 512	30 303 486	29 085 842	25 553 922
Percentage Growth	30.07%	10.69%	47.36%	4.19%	13.82%	0



An analysis of council's revenue sources is as follows:

Source	2006 / 07		2005 / 06	
Own Income	19 353 705	30.10%	10 959 859	22.17%
Equitable Share	27 649 635	43.01%	23 692 758	47.94%
WSA Services	6 305 220	9.81%	6 160 273	12.46%
District Municipality Allocations	0	0.00%	624 000	1.26%
Provincial Allocations	784 948	1.22%	847 648	1.71%
National Allocations	500 000	0.78%	250 000	0.51%
Municipal Infrastructure Grant	365 000	0.57%	328 250	0.66%
Surplus / Reserve / Trust Funds	9 330 000	14.51%	6 563 177	13.29%
	<b>64 288 508</b>	<b>100.00%</b>	<b>49 425 965</b>	<b>100.00%</b>



#### 2.4.1. Equitable Share

Council's Equitable share allocation was increased by **16.70%** (R 3 956 877) from **R 23 692 758** to **R 27 649 635**, which include **R 1 356 800** as a contribution to the increase in councillor's remuneration and remains council's major source of income.

The following demographic data (from the 2001 Census statistics) was used for calculating council's equitable share and MIG allocations:

	<i>2005 / 2006</i>	
- Population	135 734	<i>135 141</i>
- Number of households	34 285	<i>34 072</i>
- Number of households earning less than R800 per month	24 997	
- Number of households earning less than R1 600 per month	29 887	<i>25 600</i>
- Water backlog	20 203	<i>20 203</i>
- Sanitation backlog	28 384	<i>28 384</i>
- Electricity backlog	12 869	<i>12 869</i>
- Refuse backlog	30 368	<i>30 368</i>
- Housing backlog	1 496	
- Estimated poverty rate	87.17%	<i>75.10%</i>

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#### Growth in Equitable share allocation:

Financial Year	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03	2001 / 02
S & I Grant	18 970 381	17 587 990	21 951 611	17 879 436	17 710 905	15 015 000
Free Basic Electricity	2 802 722	2 802 722	2 268 064	1 864 011		
Free Basic Services	4 519 732	3 302 046	2 348 805	1 758 511		
Add Councillor Supp	1 356 800					
<b>Total Allocation</b>	<b>27 649 635</b>	<b>23 692 758</b>	<b>26 568 480</b>	<b>21 501 958</b>	<b>17 710 905</b>	<b>15 015 000</b>
% Growth	16.70%	(10.82%)	23.56%	21.41%	17.95%	0

#### 2.4.2. Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

##### National Government

- o R 500 000 for the implementation of the Municipal Finance Management Act;
- o R 365 000 for the establishment of a MIG Project Management Unit.

##### Provincial Government

- o R 70 000 for a Performance Management System;
- o R 110 000 for Performance Management Agreements;
- o R 50 000 for Establishment of Ward Committees; and
- o R 554 948 for rendering the Primary Health Care services.

##### District Municipality

- o R 6 305 220 for rendering auxiliary support services for water and sanitation.

#### 2.4.3. Own income

Council's sound financial management since establishment during December 2000 has lead to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the first six months of the 2005 / 2006 financial year.

#### 2.4.4. Operational Income analysis

Functional Area (VOTE)	Own Income	Equitable Share	WSA	Provincial Government	National Government	Own Surplus Funds
Executive & Council		7 660 835		230 000		3 060 000
Finance & Administration	3 891 865	3 659 510			865 000	1 160 000
Planning & Development		1 217 620				1 050 000
Health				554 948		
Community & Social Services	30 500	3 329 720				
Housing	6 000	452 365				
Public Safety	130 000	572 030				
Sport & Recreation		958 565				
Waste Management	2 715 880	2 663 955				
Waste Water Management	2 792 245	200 000	3 225 014			
Road Transport	1 300 000	2 353 210				3 950 000
Water	1 622 080		3 080 206			
Electricity	6 865 135	4 182 190				110 000
Other		399 635				
<b>TOTAL</b>	<b>19 353 705</b>	<b>27 649 635</b>	<b>6 305 220</b>	<b>784 948</b>	<b>865 000</b>	<b>9 330 000</b>



**2.5. Water Service Authority (WSA)**

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: Ukhahlamba district municipality. The WSA was again advised that it should look at the possibility of increasing the tariffs as no increases were effected the previous year. The WSA was also requested to honour council's Free Basic Services and Indigence Subsidy Support Policy.

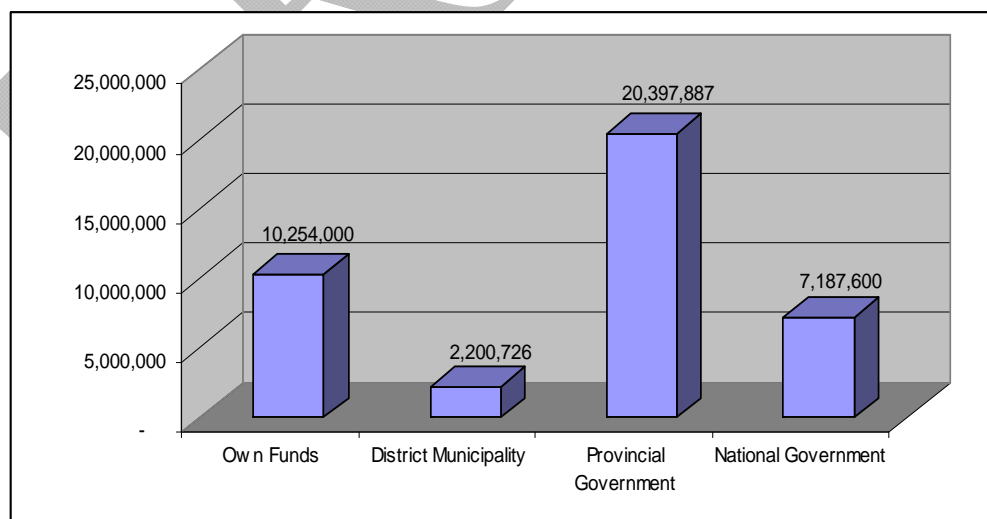
It is believed that a service delivery agreement between the WSA: Ukhahlamba district municipality and WSP (Water Service Provider): Senqu municipality would be finalized and signed during the 2006 / 07 financial year. Currently the status quo remains and the rendering of these services continues uninterrupted.

**2.6. 2005 / 2006 Capital Budget**

Council's three-year capital programme:

	2006 / 2007	2007 / 2008	2008 / 2009	2009 / 2010
<b>INFRASTRUCTURE ASSETS</b>				
> Electricity	1 074 000			2 050 000
> Roads	1 489 078			133 018 900
> Sewerage / Waste	846 053	2 736 000		
> Water	600 726			
<b>COMMUNITY ASSETS</b>				
> Buildings	3 872 936			13 700 000
> Recreational Facilities	1 200 000			300 000
> Security Measures	521 872	108 128		
> Cemeteries	2 657 661			200 000
<b>OTHER ASSETS</b>				
> Buildings	3 100 000	8 069 338		8 000 000
> Office Equipment	430 000			
> Furniture & Fittings	116 450			
> Bins & Containers				
> Emergency Equipment				
> Motor Vehicles	180 000			
> Plant & Equipment	3 320 000			150 000
<b>HOUSING</b>	20 631 437	14 153 260	15 262 000	279 618 600
<b>TOTAL</b>	<b>40 040 213</b>	<b>25 066 726</b>	<b>15 262 000</b>	<b>429 037 500</b>

The R 40 040 213 are funded as follow:



### 3. 2005 / 06 FINANCIAL RESULTS

#### 3.1. 2005 / 06 Financial Statements

The Annual Financial Statements for the period ended 30 June 2006 was compiled and submitted to the Municipal Manager on 18 August 2005 where after it was reviewed in terms of section 166 (2)(b) by the audit committee. On 29 September 2006 the statements was presented to, discussed and approved by the municipal council of Senqu municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

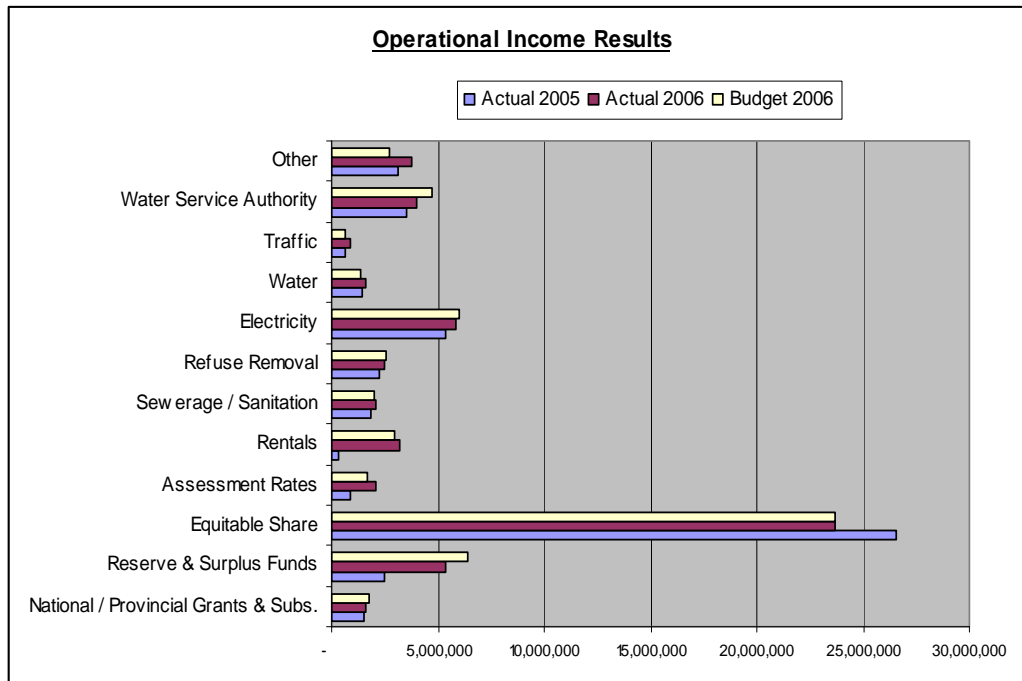
A copy of these statements is attached hereto as Annexure A.

#### 3.2. Operational results

	2006	2005	Variance	2006 Budget	Variance Actual / Budget
<b>INCOME</b>					
Opening Surplus	27 457 950	14 730 758			
Operating Income for the Year	56 600 900	49 863 690	13.51%	56 438 909	0.29%
Sundry Transfers	335 694	5 240 616			
Closing Deficit	0	0			
	<b>84 394 544</b>	<b>69 835 064</b>			
<b>EXPENDITURE</b>					
Opening Deficit	0	0			
Operating Expenditure for Year	50 454 319	42 377 114	19.06%	56 438 909	(10.60%)
Sundry Transfers	0	0			
Closing Surplus	33 940 225	27 457 950			
	<b>84 394 544</b>	<b>69 835 064</b>			

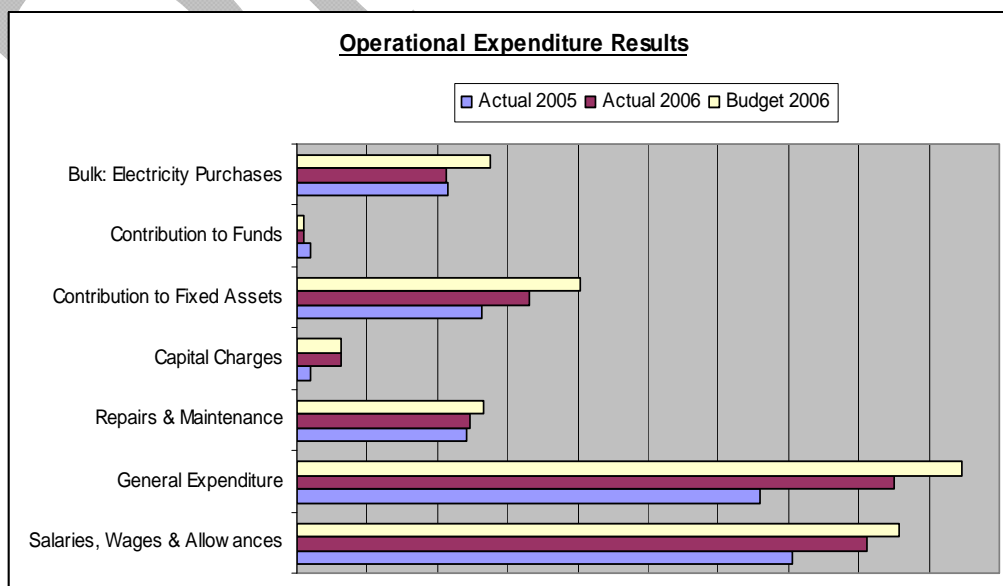
#### 3.2.1. Operating income results

Actual 2005 R	Income Source	Actual 2006 R	Budget 2006 R	Actual as % of Budget	Actual as % of Total Income
1 494 570	National / Provincial Grants & Subs.	1 630 941	1 796 138	90.80%	2.88%
2 451 936	Reserve & Surplus Funds	5 365 750	6 381 981	84.08%	9.48%
26 568 480	Equitable Share	23 692 758	23 692 758	100.00%	41.86%
888 469	Assessment Rates	2 089 801	1 715 932	121.79%	3.69%
328 813	Rentals	3 234 906	2 960 000	109.29%	5.72%
1 814 116	Sewerage / Sanitation	2 048 102	1 994 232	102.70%	3.62%
2 245 842	Refuse Removal	2 465 068	2 528 156	97.50%	4.36%
5 377 625	Electricity	5 859 751	5 997 010	97.71%	10.35%
1 438 227	Water	1 598 754	1 358 248	117.71%	2.82%
678 029	Traffic	899 342	600 000	149.89%	1.59%
3 483 880	Water Service Authority	3 964 012	4 716 258	84.05%	7.00%
3 093 703	Other	3 751 715	2 698 196	139.05%	6.63%
<b>49 863 690</b>		<b>56 600 900</b>	<b>56 438 909</b>	<b>100.29%</b>	<b>100.00%</b>



3.2.2. Operating expenditure results

Actual 2005 R	Expenditure	Actual 2006 R	Budget 2006 R	Actual as % of Budget	Actual as % of Total Expenditure
14 084 732	Salaries, Wages & Allowances	16 248 946	17 148 709	94.75%	32.21%
13 173 750	General Expenditure	17 008 854	18 921 217	89.89%	33.71%
4 808 076	Repairs & Maintenance	4 910 964	5 323 912	92.24%	9.73%
382 523	Capital Charges	1 238 576	1 263 118	98.06%	2.45%
5 251 411	Contribution to Fixed Assets	6 599 545	8 062 000	81.86%	13.08%
398 700	Contribution to Funds	184 398	192 763	95.66%	0.37%
4 277 922	Bulk: Electricity Purchases	4 263 036	5 527 190	77.13%	8.45%
<b>42 377 114</b>	<b>Gross Expenditure</b>	<b>50 454 319</b>	<b>56 438 909</b>	<b>89.40%</b>	<b>100.00%</b>
3 483 880	Less: Amounts charged out	3 964 012	4 716 258		
<b>38 893 234</b>	<b>Net Expenditure</b>	<b>46 490 307</b>	<b>51 722 651</b>	<b>89.88%</b>	



### 3.3. Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to **R 13 745 773**; 35.10% less than the previous years expenditure of R 21 180 924. The actual expenditure is 61.05% of what was budgeted for (R 22 514 917) and consists of the following:

		2005 / 06	2004 / 05	2003 / 04
<b>Infrastructure Assets</b>	Electricity	484 277	128 893	1 507 254
	Roads, Streets and Storm Water	4 922 412	11 081 630	12 000 129
	Sewerage & Solid Waste	1 401 760	3 208 577	4 336 081
	Water	0	748 044	1 095 433
<b>Community Assets</b>	Buildings	2 898 364	3 747 847	2 350 841
<b>Other Assets</b>	Buildings	515 651	649 497	744 716
	Office Equipment	165 136	92 412	676 702
	Furniture and Fittings	84 866	69 214	134 642
	Bins & Containers	18 625	0	0
	Motor Vehicles	512 089	617 466	475 392
	Plant and Equipment	2 742 593	837 344	3 747 314
		<b>13 745 773</b>	<b>21 180 924</b>	<b>27 068 504</b>

Resources utilized to finance these fixed assets were as follows:

	2005 / 06	2004 / 05	2003 / 04
Municipal Infrastructure Grant (MIG / CMIP)	7 606 658	15 469 960	17 340 453
Previous Equitable Share allocations	0	0	1 261 004
Trust and Reserve Funds	0	459 553	1 177 280
Operational Expenditure	6 139 115	5 251 411	7 289 767
	<b>13 745 773</b>	<b>21 180 924</b>	<b>27 068 504</b>

**R 23 523 460** of the budgeted R 33 150 036 (70.96%) was spent on three housing projects currently in progress. All three projects are financed by the Department of Housing, Local Government and Traditional Affairs.

**R 108 853 632** of council's assets have been financed through Loans redeemed and advances paid (R 449 217); Contributions from revenue (R 38 383 193) and Grants and subsidies (R 69 556 066). The balance of R 465 156 are financed by loans which are serviced half-yearly:

EXTERNAL LOANS	Balance as at 30 June 2005	Received during the year	Redeemed or written off during year	Balance as at 30 June 2006
Development Bank of SA @ 13.08%	537 432	0	72 276	465 156
Development Bank of SA @ 10.00%	12 471	0	12 471	0
	<b>549 903</b>	<b>0</b>	<b>84 747</b>	<b>465 156</b>

### 3.4. Funds and reserves

Full detail of council's Statutory Funds, Reserves and Trust Funds are reflected as Appendix A on page 22 of the enclosed Annual Financial Statements – see **Annexure A**.

The following contributions were made towards council's Funds and Reserves:

➤ Statutory Funds	Revolving Fund	203 638
➤ Reserves	Leave Reserve	102 763
	Disaster	15 000
➤ Trust Funds	Surveying / Land Audit	355 600
	Brick Making Project	300 000
	People's Housing (Lady Grey)	8 257 540
	Hillside Housing	11 883 398
	Drought Relief	1 672 347
	Municipal Infrastructure Grant	4 723 202
	Herschel People's Housing	4 347 571

All council's Funds and Reserves are cash backed by investments and / or cash in the bank.

#### 3.4.1. Intergovernmental grants (National)

Allocation	1 Apr 2005 to 30 Jun 2005	1 Jul 2005 to 30 Sep 2005	1 Oct 2005 to 31 Dec 2005	1 Jan 2006 to 31 Mar 2006	1 Apr 2006 to 30 Jun 2006
<b>Equitable Share</b>					
Received	992 578	7 897 587	7 897 586	7 897 588	0
Spent	992 578	7 897 587	7 897 586	7 897 588	0
<b>Municipal Finance Management</b>					
Received	0	250 000	0	0	0
Spent	41 856	30 394	82 439	21 759	23 375
<b>Drought Relief Programme</b>					
Received	0	0	0	0	0
Spent	0	0	8 180 674	1 502 902	3 934 101
<b>Municipal Infrastructure Grant</b>					
Received	2 985 000	2 985 000	1 374 769	1 879 972	299 527
Spent	0	0	76 890	2 390 347	1 707 719

#### 3.4.2. Intergovernmental grants (Provincial)

Allocation	1 Apr 2005 to 30 Jun 2005	1 Jul 2005 to 30 Sep 2005	1 Oct 2005 to 31 Dec 2005	1 Jan 2006 to 31 Mar 2006	1 Apr 2006 to 30 Jun 2006
<b>Surveying / Land Audit</b>					
Received	0	0	355 600	0	0
Spent	0	0	0	355 600	0

### 3.5. Assets and liabilities

#### 3.5.1. Investments and cash

Council's primary bank account is held at Standard Bank, Lady Grey. The existing signatories on all bank and investment accounts are:

- M M Yawa                                   Municipal Manager
- C R Venter                                   Manager: Financial Services
- Z A Williams                                Manager: Corporate & Support Services
- P G du Toit                                   Manager: Community & Social Services
- R N Crozier                                  Manager: Technical Services

It is required that any two of the above-mentioned signatories authorize any payment or transfer from any of council's bank or investment accounts.

Only two bank accounts are maintained:

Standard Bank, Lady Grey (Acc No 28 063 500 1)	<u>30 June 2006</u>	<u>30 June 2005</u>
	R 50 246.55	R 364 958.94
Standard Bank, Lady Grey (Acc No 28 063 130 8)	<u>R 3 411 565.76</u>	<u>R 2 072 236.94</u>
	R 3 461 812.31	R 2 437 195.30

Cash advances are restricted to the minimum and is only available to cashiers:

Lady Grey Administrative Unit	R 100.00	<i>R 100.00</i>
Barkly East Administrative Unit	R 100.00	<i>R 100.00</i>
Sterkspruit Administrative Unit	R 500.00	<i>R 500.00</i>
Barkly East traffic Department	<u>R 500.00</u>	<u><i>R 500.00</i></u>
	R 1 200.00	<i>R 1 200.00</i>

During this financial year council earned an average interest of 7.41% on its investments which amounted to **R 51 862 937** (*R 68 474 527 as at 30 June 2005*). This amount is invested over different periods:

Short term / call deposits	R 7 430 480.88	<i>R 19 889 046.47</i>
Medium term / 32 days	R 33 788 671.22	<i>R 38 023 083.35</i>
Long-term	<u>R 10 643 784.48</u>	<u><i>R 10 562 397.19</i></u>
	R 51 862 936.58	<i>R 68 474 527.01</i>

Investments are held at:  
Standard Bank, Lady Grey; and  
StanLIB, Queenstown.

### 3.5.2. Long-term debtors

Council has policies in place which entitle section 57 employees and full-time councillors (mayor and speaker) to apply for housing and motor vehicle loans financed from council's Revolving fund. These loans are repayable over a period of five years (60 months) at an interest rate of 8.00%. Details are as follows:

Debtor	Purpose	Outstanding as at 30 June 2005	Outstanding as at 30 June 2005	Outstanding as at 30 June 2004
M M Yawa	Motor Vehicle	11 389.24	54 742.27	94 772.83
C R Venter	Motor Vehicle	25 424.21	61 113.85	94 068.28
Z A Williams	Motor Vehicle	28 380.52	63 675.17	96 264.88
Z I Dumzela	Motor Vehicle	15 267.85	34 255.37	51 787.71
J van Rensburg	Housing	82 960.49	93 134.68	102 344.50
M M Yawa	Housing	36 504.69	66 878.98	94 374.17
R N Crozier	Motor Vehicle	57 975.87	97 587.28	134 162.93
Z A Williams	Housing	50 322.16	81 803.46	110 300.74
Z I Dumzela	Housing	0.00	27 030.43	60 069.58
P G du Toit	Motor Vehicle	0.00	107 047.72	152 447.07
<b>TOTAL</b>		<b>308 225.03</b>	<b>687 269.21</b>	<b>990 592.69</b>

It is anticipated that R 105 291.86 of these loans would be recovered during the 2006 / 07 financial year, whilst R 18 873.48 would be paid in interest.

### 3.5.3. Trade debtors

The following trade debtors were due to council as at 30 June 2006:

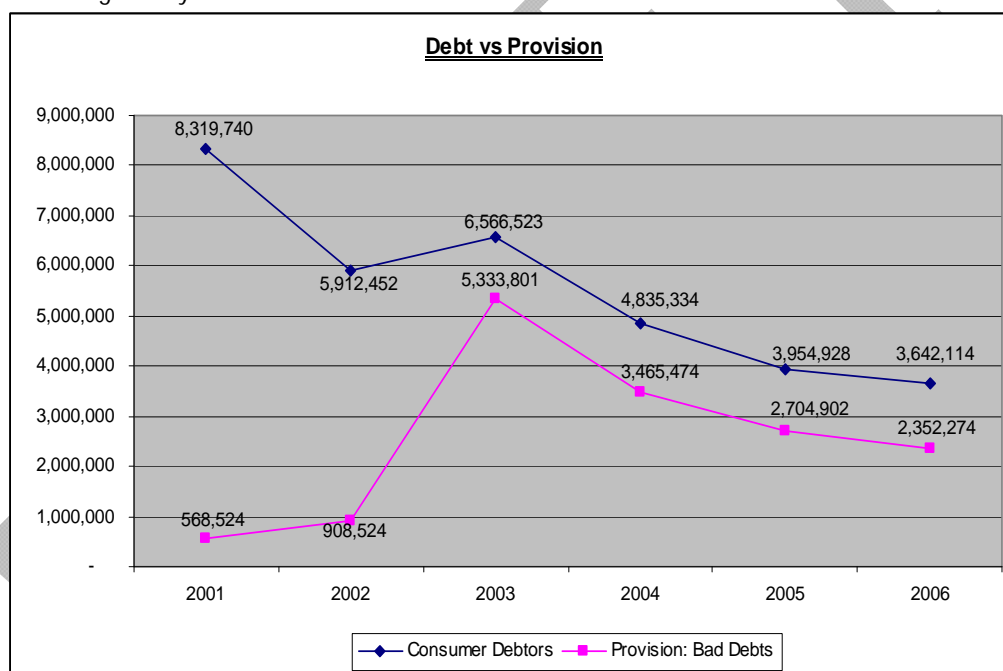
Debtor	Purpose	Amount
Municipal Infrastructure Grant	Pre-Schools	144 064.22
South African Revenue Services	Value Added Tax	2 499 791.88
Buffalo Toyota	Overpayment Refundable	43 650.69
Ukhahlamba District Municipality	WSA services rendered	1 097 311.16
<b>TOTAL</b>		<b>3 784 817.95</b>

### 3.5.4. Consumer debtors

In contrary with the national tendency council's outstanding consumer debtors have again decreased by 7.91% (R 312 724.96) from R 3 954 839.46 to R 3 642 114.50 during this financial year and the age-analysis thereof are as follows:

Service	Balance at 30 June 2006	Current	30 days+	60 days +	90 days +	120 days+
Water	623 936.67	97 273.67	67 112.07	14 278.57	18 691.88	426 580.85
Electricity	736 984.49	559 626.89	64 087.66	8 435.21	11 201.79	93 632.94
Miscellaneous	(454.99)	0.00	0.00	0.00	0.00	(454.99)
Sewerage	552 505.18	100 993.22	31 595.43	12 220.47	16 998.93	390 697.13
Refuse removal	623 720.21	99 164.66	89 437.65	10 548.25	23 117.57	401 452.08
Rates	959 839.98	24 632.00	40 139.50	36 372.72	39 419.84	819 275.92
Rentals	145 534.54	14 370.98	10 796.67	8 753.53	9 152.88	102 460.48
Encroachments	48.42	0.60	0.60	0.60	0.60	46.02
	<b>3 642 114.50</b>	<b>896 061.65</b>	<b>303 169.58</b>	<b>90 609.35</b>	<b>118 583.49</b>	<b>2 233 690.43</b>

The implementation of council's Credit Control & Debt Collection policy, as well as the Free Basic Services and Indigence Subsidy policy contributed to the drastic decrease in the outstanding debtors over the past financial year. Provision was also made for bad debt for the all debt exceeding 90 days.



A General Valuation throughout all urban areas situated within the Senqu municipal area has been completed. The result:

Town	No of Erven	Total Size of all Erven	Total Valuation of Land	Total Valuation of Improve-ments	TOTAL
Barkly East / Nkululeko / Fairview	2 097	9 082 091	3 032 350	73 216 050	76 248 400
Herschel	179	184 433	184 300	2 695 900	2 880 200
Lady Grey / Khwezi-Naledi / Transwilger	2 245	25 802 054	3 456 700	43 051 030	46 507 730
Rhodes / Zakhele	313	293 609	12 383 500	13 614 000	25 997 500
Rossouw	265	8 393 989	479 800	925 100	1 404 900
Sterkspruit	274	3 755 876	6 463 000	16 767 500	23 230 500
<b>TOTAL</b>	<b>5 373</b>	<b>47 512 052</b>	<b>25 999 650</b>	<b>150 269 580</b>	<b>176 269 230</b>

### 3.5.5. Provisions

At year end the following provisions were made for expenditure that would incur during the 2005 / 06 financial year:

Service Provider	Purpose	Amount
Auditor-General	Audit Fees – 2005 / 06	477 625.00
Bad Debts	Consumer Debtors	2 352 273.92
<b>TOTAL</b>		<b>2 829 898.92</b>

### 3.5.6. Trade creditors

The following trade creditors were not yet paid at year end:

Creditor	Amount
Various creditors – rendering operational goods and services during June 2006.	1 414 578.37
Various third party payments – salary deductions for the June 2006.	549 870.39
Department of Transport – motor vehicle registration collections for June 2006.	34 049.24
Various consumer debtors – payments received in advance on consumer accounts.	454.99
SARS – VAT on unpaid consumer accounts.	311 579.40
Sureties – Capital Projects	44 112.70
Insurance Refund	76 000.00
	<b>2 430 645.09</b>

### 3.5.7. Consumer deposits

An amount of **R 290 572.18** (30 June 2005 - R279 218.18) is held as deposits on water and electricity services rendered to consumers.

## 4. AUDIT REPORTS AND CORRECTIVE ACTIONS

The auditing of the financial statements for the period ended 30 June 2006 has commenced during August 2006 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2006 is attached hereto – see [Annexure B](#).

### 4.1. Corrective Actions

The Report of the Auditor-General is currently been dealt with by the Audit Committee.

## 5. CHALLENGES

The following is seen as the challenges that need to be accomplished during the 2006 / 07 financial year:

- The successful implementation of the **Municipal Finance Management Act (MFMA)** over the next three years commencing on the 1<sup>st</sup> July 2004. Management, senior staff and all Executive Committee members have been trained in the requirements of the Act which are now implemented;
- This department would proceed with the implementation of **GAMAP** (Generally Accepted Municipal Accounting Practices) which was already started during the 2002 / 03 financial year. Senior financial staff would be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department;
- The taxation of **rates on farm land** is an exercise that would require a lot of consultation and discussions before the implementation could take place;
- Various **policies** required in terms of new and existing legislation would be reviewed and compiled before it would be discussed with management, the Executive committee, full council and community stakeholders;
- **Training** of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- Implementation of a comprehensive **Information Technology (IT) system** has been completed and the training of the employed IT/GIS operator would proceed as to enable council to be as independent as possible from external service providers;
- With phase I of the implementation of a **Geographical Information System (GIS)** completed, phase II would proceed during the next financial year;
- During the next financial year all **assets** would be bar-coded and listed as required for the implementation of GAMAP.



6. **CONCLUSION**

Great was the satisfaction to compile this annual report for the finance department of Senqu municipality as information needed was easy available and accessible. It is hoped that readers have found what they needed to know about the financial situation, viability and planning of Senqu municipality.

To every staff member of the finance department, your support, dedication and encouragement under some difficult circumstances are appreciated. Every meter read, every receipt issued, every payment made and every transaction captured has not gone unnoticed, thank you.

To the Municipal Manager and other Heads of Department, your support, encouragement and co-operation contributed to the successful results this department is able to table. It is a privilege to be part of such a supportive management team.

To the Mayor, Speaker and Councillors, on behalf of the management team and Finance Department of Senqu municipality, herewith the annual report for the period ended 30 June 2006 of the Finance Department of Senqu Municipality. Your support, especially members of the Finance Standing committee is appreciated.

C R Venter  
Chief Financial Officer  
20 December 2006

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**5.**

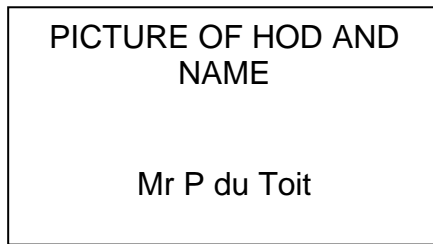
**FUNCTIONAL AREAS**

**SERVICE**

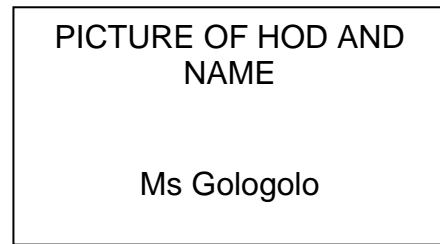
**DELIVERY**

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## 5.1. COMMUNITY SERVICES DEPARTMENT



Mr du Toit retired from Service on  
31 July 2006



Mr Gologolo was appointed  
1 November 2006

### OBJECTIVE

Ensuring efficient and effective community and social services functions to the community within the Senqu Municipal area.

### VISION

Effective social services and the promotion of social development within Senqu Municipality in order to improve the quality of life for all the people residing within the municipal area.

### MISSION STATEMENT

The department of Community and Social Services will promote social development by providing primary and environmental health services, community services and the promotion of local economic development projects, in order to facilitate social and economic growth and improved living conditions and quality of life.

### KEY PERFORMANCE AND SERVICE DELIVERY AREAS

This department is responsible for the provision of the following functions :

- φ *Library Services*
- φ *Community Halls facilities*
- φ *Cemeteries*
- φ *Sport and Recreation facilities*
- φ *Parks and Public Open Spaces*
- φ *Waste Management, specifically Solid Waste*
- φ *Health, specifically Clinics*

Each function will be examined within its respective section, as follows:

## COMMUNITY AND SOCIAL SERVICES SECTION

The functions to be examined within this section relate to the following : Libraries, Community Halls, Cemeteries, Sports & Recreation Facilities; Parks and Public Open Spaces and Commonages.

### Libraries

The strategic objectives of this function is the provision of reading and study material and to promote reading amongst the youth.

#### Section Objectives (2005/2006)

1. Complete renovation of the library building at Sterkspruit and the supply of library materials.
2. Promotion of and participation in the library week activities scheduled.
3. Acquisition of equipment such as computers, music centre, e-mail.
4. Installation of alarm systems within the libraries.

#### Nature and extent of facilities provided

- |               |                                 |
|---------------|---------------------------------|
| • Rhodes      | 1 facility and 124 users        |
| • Rossouw     | 1 facility and 96 users         |
| • Barkly East | 1 facility and 2037 users       |
| • Lady Grey   | 1 facility and 2157 users       |
| • Sterkspruit | 1 facility and ----- users..... |

### COMMUNITY HALLS

The overriding objectives of this function are to provide new facilities within the rural areas and to ensure that existing facilities are maintained.

#### Section objectives (2005/2006)

1. Renovate the interior of Barkly East Town Hall.
2. One community hall in Ward 3 Mmusong to be completed by Ukhahlamba.
3. 400 new chairs to be purchased for town halls and community halls and each hall is to receive 100 chairs.
4. 8 pre-schools to be built in the rural areas
5. Heaters at Barkly East Town hall to be repaired.

### Nature and extent of facilities (Community Halls) provided :

- Barkly East 3
- Lady Grey 3
- Sterkspruit (town) 1
- Sterkspruit (rural areas) 6

### **CEMETERIES**

The overall objectives of this function are to provide and control burials within the framework of the Health Act.

#### Strategic Objectives (2005/2006)

1. Development of multiple cemeteries within Senqu Municipality
2. Control and maintenance of cemeteries
3. Pauper burial policy to be established

#### Nature and extent of Facilities provided

- Barkly East 3 facilities and 111 burials
- Lady Grey 3 facilities and 95 burials
- Sterkspruit (urban) 1 facility and 7 burials

### **SPORT AND RECREATION FACILITIES**

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Senqu Municipality

#### Strategic Objectives (2005/2006)

1. 17 sportsfields in rural villages (Ward 1 to 12) and 1 sportsfield for Rossouw (Ward 14) to be completed for upgrading.
2. Concrete fencing of sports grounds at Barkly East and Sterkspruit to be completed.
3. Cloakrooms and public toilets at Lady Grey and Sterkspruit to be built.
4. Repairs and maintenance to existing building at sportsfield to be completed as scheduled.
5. Levelling and planting of grass at Lady Grey, Barkly East and Patrick Shibane Sports Complex.

6. 74 012m<sup>2</sup> grass to be cut, including cemeteries, sports fields, sidewalks and parks.

#### Nature and extent of Facilities provided

- Barkly East 2 facilities
- Lady Grey 3 facilities
- Sterkspruit (urban) 46 facilities

### **PARKS AND PUBLIC OPEN SPACES**

The overall objectives of this function are to provide and maintain parks and open spaces creating a pleasant environment for the communities.

#### Strategic Objectives (2005/2006)

1. Renovation of the Caravan Park Barkly East.
2. Planting and pruning of the trees along municipal streets within Senqu according to schedule.
3. Regular cutting of grass on side walks and open spaces as per schedules (Jan – April) and (Sept – Dec).
4. Obtaining funding needed for planting trees and flowers. (Budget)

### **COMMONAGES**

The overall objectives of this function are to manage commonages within Senqu municipality and to extend the commonage at Barkly East.

#### Strategic Objectives (2005/2006)

1. To maintain and repair fencing on commonages at Barkly East and Lady Grey
2. To renovate the farm building on commonage at Lady Grey.

### **WASTE MANAGEMENT: SOLID WASTE SECTION**

The overall objectives of this function are to provide an effective, efficient and affordable service to the communities within Senqu.

This service is responsible for refuse removals, solid waste disposal, landfill and street cleaning in the four towns within Senqu Municipality.

## ***Description of the activity***

The refuse collection functions of the municipality are administered as follows and include:

- Weekly household refuse removals
- Daily cleaning of streets with the assistance of volunteers working in three towns.
- Maintaining and opening of furrows and culverts on regular basis.
- The management of the waste disposal site in accordance with prescribed Rules and Regulations.

### Strategic Objectives

1. To apply for approval and funding to develop a solid waste site at Sterkspruit.
2. To obtain a feasibility study for a refuse site at Rossouw and apply for funding.
3. The management of the solid waste sites within prescribed guidelines.
4. Regular refuse removals.
5. Daily clearing of litter in streets.
6. Purchasing of four (4) vehicles for waste.

### Nature and extent of Facilities provided

Number of households receiving regular removal services and frequency and cost of services :

- Removed by Municipality at least once a week: 7984
- Removed by Municipality less often: ??
- Communal refuse dump used: ???
- Own refuse dump: 4

### **Total projected cubic meters of all refuse disposed**

	Current	Future
• Domestic / Commercial	35231	42277
• Garden	29615	35538

**Total number, capacity and life expectancy of refuse disposal sites:**

	Capacity	Lifespan
• Domestic / Commercial (4)	8 000m <sup>3</sup>	20 years
• Garden (4) years	?????	20

**Anticipated expansion of refuse removal services**

	Capacity	R
Domestic / Commercial (1000 new households)	1000	40 000

**Free Basic Services Provision**

	Capacity	R
• Quantity (number of households affected)	2681	R44,45 pm
• Quantum (value to each household)	-	-

**Total Operating cost of solid waste**

Management Function	R 496,460 00
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DRAFT



## ***Performance Indicators***

- Regular refuse removal to all households once a week
- All households provided with regular refuse removals once a week
- Regular refuse removals at commercial businesses twice a week
- All commercial businesses provided with regular refuse removals twice a week.
- Daily street cleaning
- Street been cleaned daily with assistance of volunteers.
- Maintenance of vehicles and implements
- Vehicles and implements are maintained in good order.
- Establish one registered solid waste site.

## **HEALTH (CLINIC) SECTION**

### **Background**

The service is responsible for the provision of clinic services at the Robert Mjobo clinic at Lady Grey.

The function for the provision of community health clinics within the municipality is administered as follows and includes:

- Agency relationships with the Provincial Department of Health of the Eastern Cape
- Unit management including in-service training to staff
- Report on daily activities
- Monthly reports / statistics
- Quarterly TB statistics

The overall objectives of this function are to ensure a healthy environment and that primary health services and facilities are available

### **Strategic Objectives**

1. Ensure optimal primary health for all citizens
2. Investing in the training of staff in order to ensure development of skills, thereby contributing to quality in service delivery
3. Regular HIV/AIDS forum meetings
4. Training of HIV/AIDS peer educators
5. Water quality monitoring program
6. Inspection of business premises to ensure food preparation is done within health requirements.

## LOCAL ECONOMIC DEVELOPMENT SECTION

### Background

Responsible for all activities associated with economic development activities. This section is responsible for:

- Organizing meetings and workshops involving economic development, planning organizations and SMME's (e.g. training and lending organizations).
- Analysing and reviewing all by-laws or legislation which appears to retard or promote economic growth and development.
- Analysing land accessibility, availability and infrastructure in order to discover the most appropriate areas in which to drive the concept of economic development.
- Developing strategies through research studies within similar framework, to ensure programmes success.
- Developing action plans to ensure programmes success.
- Interacting with community forums to promote SMME development.
- Formulating an informal trading policy and promoting trading facilities.

### Strategic objectives

1. To stimulate economic growth through
  - a) SMME development
  - b) Capacity building
  - c) Formulating economic development strategy
  - d) Facilitating and promoting investments
  - e) Mobilizing development stakeholders
  - f) Collecting development information and research.

### Current Projects

	Total cost
• LED Phase 1	R 1.197 M
• Gxothindlala Project	R 1 000 000
• Masakhane Rossouw Agricultural Project	R 1 500 000
• Land Care Project (Ward 4)	R 3 000 000
• Tirisano Disabled Project	R 100 000

### Benefits of Projects

- Short-term employment
- Long-term employment
- All are direct municipal initiatives

## **5.2. CORPORATE SERVICES DEPARTMENT**

PICTURE OF HOD,  
MR Z WILLIAMS

*“I will write this report for the last time as Corporate Services Manager, as my terms of employment has ceased with effect from 31 December 2006 and as I move on to new challenges, within other spheres of Local Government, it is with tremendous sadness and great pride that I am able to report on the performance of this department over the last year.”*

Z WILLIAMS  
Corporate Services Manager

### **VISION STATEMENT**

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

### **MISSION**

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

## KEY FOCUS AREAS :

- φ Human Resources
- φ Labour Relations
- φ Skills Development
- φ Employment Equity
- φ Occupational Health & Safety
- φ General Administration
- φ Housing Delivery
- φ Corporate Governance
- φ Township Registrations
- φ Performance Management System
- φ Traffic Control

### Human Resources

Human Resources :      Benefit Administration  
                                 Recruitment & Selection  
                                 Organisational Development and structure  
                                 Staff Provisioning  
                                 Employee Assistance Programme  
                                 Policy Development

### Objectives (2005/2006)

- φ Development of Procedure Manual (Benefit Administration)
- φ Workshop and train staff on Benefit Administration procedure
- φ Effective and efficient implementation of recruitment and selection processes and procedures
- φ Develop strategies to deal with scarcity of skills
- φ Reviewed organisational structure
- φ Complete submission of job descriptions to the PJEC for evaluation
- φ Educate all unit supervisors as to the Employee Assistance Programme
- φ Strengthening of internal campaign to educate employees re HIV/AIDS
- φ Updating policies and workshopping these to Council prior to adoption

## **Labour Relations**

### **Strategy 2005/2006**

Ensuring the implementation of Labour Relations Policy and practices in a manner which is just and fair.

Focus on developing and growing the capacity of staff from within this section

## **Skills Development**

This function ensures the planning and execution of skills development by ensuring that the Workplace Skills Plan is implemented.

### **Objectives 2005/2006**

- φ Workplace Skills Plan 2005/2006
- φ Submission of Implementation Plan (June and September 2006)
- φ Develop and implement ABET programme
- φ Conduct the following training programmes:
  - Tax Workshop for Councillors
  - Supply Chain Management
  - Telephone etiquette

### **General Comments**

- An extremely successful Workplace Skills Plan and award received for best Skills Development Facilitator.
- Challenges in ongoing commitment to ensure attendance of ABET classes.
- Training delivery well received.

## **Employment Equity**

All Employment Equity reports have been submitted in accordance with prescribed legislation.

Employment Equity is considered to be moving in the right direction. Middle management is fairly represented in respect of designated groups and women senior managers dominate at this level.

The Employment Equity report shows strong progress towards meeting the overall goals as highlighted within the Employment Equity Plan.

### Objectives 2005/2006

- φ Employment Equity Plan and Report for 2005/2006.
- φ Analysis report of gaps in plan.

### **Occupational Health & Safety**

Ensuring compliance with the Occupational Health and Safety Act.

### Objectives 2005/2006

- φ Monitor usage of safety equipment
- φ Health & Safety Committee Meeting as scheduled

### Challenges

Ensuring that safety compliance occurs e.g. wearing safety equipment.

### **General Administration**

To ensure that the archives function is effectively and correctly managed.

### Objectives 2005/2006

- Application for disposal for outdated archives.
- Obtain additional space to store security cabinets.
- Create and fill position of Senior Archives Clerk.
- Submit reviewed filing system to Provincial Archives.
- Improve efficiency and effectiveness of Council agendas and minute taking processes.

### **PERFORMANCE MANAGEMENT**

To ensure that a performance management system is applied at all designated areas and within service delivery mechanisms, as per legislative requirements.

### Objectives 2005/2006

- Performance Management System to be implemented effectively from top to middle management.
- Introduction and Implementation of Service Delivery and Budget Implementation Plans.
- Establish an independent performance audit committee to assess performance of Managers.

## **CORPORATE GOVERNANCE**

Ensuring that governance issues are processed correctly internally.

### **Objectives 2005/2006**

- Establish Internal Audit Committee
- Remuneration Policy
- Fraud Prevention Policy
- Establish Register of Interest

## **TRAFFIC AND RELATED FUNCTIONS**

Ensuring that Road Traffic Act and related functions are performed according to strict policy and adherence to legislation.

### **Objectives 2005/2006**

- Increased learner drivers licenses by 40%.
- Law Enforcement focus and drives to educate public.

### **General Comments**

- Learners license figures escalated by 60%.
- Drivers license issues increased dramatically.
- Shortage of staff impacts on ability to perform law enforcement function

## **TOWNSHIP REGISTERS AND TITLE DEEDS**

- Township registers for Kwezi Naledi and Transwilger have been lodged with the Deeds Office. Awaiting transfers for these properties.
- Township registers being opened for Barkly East, Fairview, Rhodes and Sterkspruit.

### **Result**

Property ownership empowerment.

## **HOUSING**

Housing delivery projects on track due to committed staff (detailed in Section 2 of this report).

### **5.3. TECHNICAL SERVICES**

PICTURE OF HOD  
and name

***The overall objective of the Technical Services Department is to supply efficient, effective and economical services to the community which it serves.***

#### **Vision**

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

#### **Mission Statement**

The Technical Services Department will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation

#### **Key Performance Areas**

The Senqu Municipality has the following powers and functions in respect to Key Performance Areas of technical services to the community:

- 1) Electricity distribution – licensed areas only.
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning –Building Control, zonings, consolidations, sub divisions, spatial development.
- 6) Municipal Planning – Integrated Development Planning and other planning in conjunction with various departments
- 7) Water Provision – Bulk, treatment and reticulation
- 8) Sanitation – Sewerage removal and treatment

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until June 2006 by the Ukhahlamba District Municipality, who are the Water Services Authority.



The department is responsible for the ongoing operation and maintenance of the above services as well as capital projects undertaken. It should, however, be noted that water and sanitation capital projects fall under the Ukhahlamba District Municipality.

A Project Management Unit manager was employed in June 2006, which will greatly increased the departmental capacity.

The IDP review was completed and adopted within legislative requirements

## **FUNDING**

The operation and maintenance costs are funded through the municipalities internal funding, which is derived from service charges, equitable share allocation under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants).

## **ELECTRICITY & STREET LIGHTING**

### **Section Objectives**

- Provide electricity to 1 696 residential and commercial consumers
- Provide public lighting to Sterkspruit, Lady Grey & Barkly East
- New connections done on request in licensed areas
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESCOM and will remain so in the foreseeable future
- Maintenance of existing public lighting
- Extension of public lighting systems
- Maintenance and renewal of public buildings electrical installations, when required

## **ROADS AND STORMWATER**

### **Section Objectives**

- The maintenance and reconstruction of gravel and surfaced roads
- The construction of sidewalks
- The construction of storm water systems
- The construction of bridges and river crossings
- Maintenance of road furniture
- Planning and design of new projects
- Purchase of new plant

## **WATER**

### **Section Objectives**

- The Senqu Municipality has been appointed Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality on an annual basis until the Section 78 process is completed.
- Water purification is undertaken at Lady Grey, Barkly East & Rhodes
- Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw
- Sterkspruit water is supplied by Bloemwater but reticulated by Senqu
- Potable water is reticulated to 5 874 households within the Senqu area of appointment
- New connections are done upon application
- Infrastructure is the responsibility of the Water Services Authority
- Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems

## **SANITATION**

### **Section Objectives**

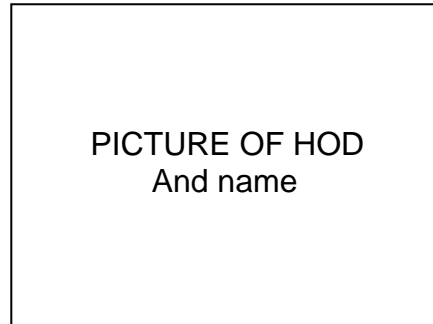
- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- New connections are done upon request as there is no real backlog although a large percentage are below RDP standards
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served:1307
- Buckets and below RDP standard - :  
4 113
- Conservancy tanks - 189
- Urban VIP's -265
- The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods
- A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas

## **TOWN PLANNING AND BUILDING CONTROL**

### **Section Objectives**

- Application of legislative issues
- Control of land use
- Building safety
- Environmental protection
- Spatial development

## 5.4. BUDGET & TREASURY DEPT



Focus areas for this Department are :

- ◇ Revenue Collection/Income Generation
- ◇ Expenditure
- ◇ Budgeting
- ◇ Accounting and Reporting
- ◇ Information Technology
- ◇ Assets and Stores
- ◇ Motor Vehicle Licensing

Overall objectives are to improve and refine functioning within each of these areas.

### **Key Performance Indicators**

These will be examined under each subsection as follows :

#### **Revenue Collection/Income Generation**

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The structure is currently set up so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

#### **The Key Performance Indicators are:**

- Annual reconciliation of Valuation Roll.
- Annual reconciliation of Assessment Rates.
- Annual billing of Assessment Rates.
- Complete 2005 General Valuation of Farms.
- Valuation Board assessing objections.
- Certify 2005 General Valuation roll.
- Implement 2005 General Valuation roll.
- Do survey of infrastructure & services on farms.
- Monthly updating consumer database.

- Maintain & Implement Credit Control & Debt Collection Policy
- Maintain and implement financial policies & procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control & Debt Collection;
- Cash Management, Banking & Investment.
- Appointment of Accountant Income
- Monthly selling & control Pre-paid Electricity.
- Monthly reading of Water & Electricity meters
- Accurate monthly billing of accounts.
- Monthly delivery of consumer accounts.
- Daily receipting of all revenue.
- Daily banking of all revenue.
- Secure all revenue collected.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection
- Develop Rates policy;
- Consult community on Rates policy;
- Implement Rates Policy;
- Develop & promulgate Rates policy By-Law

### **Expenditure and Control**

This function is situated in Lady Grey and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and compilation of annual financial records and statements.

### **The Key Performance Indicators are:**

- Monthly reconciliation & payment of all creditors.
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Monthly maintaining & updating of:
  - External DBSA loans;
  - Internal Revolving Fund loans / advances.
- Annually update & maintain council's insurance portfolio.
- Monthly updating & maintaining council's investments.
- Update & implement financial policies and procedures :
- Supply Chain Management;
- Loans & Contractual Agreements;
- Assets Management & Insurance;
- Cash Management, Banking & Investment.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.

## **Budgeting**

The annual compilation of council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of council's Integrated Development Plan (IDP). This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date.

### **The Key Performance Indicators are:**

- Compile & publish budget time schedule.
- Establish & publish committees & consultation forums.
- Outreach programme to all wards.
- Review & prepare:  
Integrated Development Plan (IDP);  
Service Delivery Agreements;  
Delegations;  
Budget Related Policies;  
Operational & Capital Budget;
- Determine Rates & Tariffs.
- Consult with established committees & forums.
- Table budget & supporting documents.
- Approve budget & supporting documents.
- Budget & Supporting documents to:
  - National Treasury;
  - Provincial Treasury;
  - Publish & Website.
- Service Delivery & Budget Implementation Plan (SDBIP).

## **Accounting and Reporting**

- Daily & monthly updating of accounting records.
- MFMA required reporting to:
  - National Treasury;
  - Provincial Treasury;
  - Accounting Officer;
  - Executive Committee;
  - Municipal Council.
- Monthly reconciliation of supporting registers:
  - Funds;
  - Loans;
  - Assets;
  - Banks;
  - Investments;
  - Debtors;
  - Creditors; and
  - Income & Expenditure.
- Compilation of annual financial statements.
- Compilation of annual report for Department: Budget & Treasury Service.
- Implement Municipal Finance Management Act, No 56 of 2003

requirements related to Accounting and Reporting.

### **Information Technology**

Although not yet fully functional, this function is situated in Lady Grey from where all computer hard- and software used at all three administrative units are supported and maintained. The implementation and maintenance of council's Geographical Information System is also part of this function.

#### **The Key Performance Indicators set are:**

- Maintain & Upgrade of computer hard- & software.
- Secure computer hard- & software services.
- Training to all staff in utilizing IT systems effectively.
- Develop IT policies.
- Update General Plans (GP's)
- Update Ownership / Title Deed information
- Update Valuation information
- Update Road & Street infrastructure
- Update Geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.
- Develop & maintain municipal Website.

### **Assets and Stores**

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar-coding all movable assets. The Key Performance Indicators set are:

- Recording & Marking (Bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register.
- Compiling, updating & maintaining of inventories.
- Revalue fixed assets.

### **Motor Vehicle Licensing**

Apart from the road worthy's, driver's licenses, etc. performed at the Grade A Traffic Test Station situated in Barkly East, the NATIS motor vehicle registration facility service is also rendered by council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Plans are in place to extend these facilities to the Sterkspruit administrative unit.

**The Key Performance Indicators set are:**

- Avail facilities for the licensing of motor vehicles.
- Maintain and perform National Traffic Information System (NaTIS) on behalf of the Department of Transport.
- Establish Motor Vehicle Registration facility in Sterkspruit.
- Train staff to operate NaTIS system.

DRAFT

**Report of the Auditor General**

**To be attached by Senqu Municipality!**

DRAFT



## **CLOSING SUMMARY**

From the detailed chapters in this Annual Report, Senqu Municipality has been able to report on all aspects of organisational performance, providing a true, honest and accurate account of Council priorities and goals and our ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

Within Chapter 1 of this report, you were exposed to an overview of Senqu's geographic and demographic profile, as well as socio-economic factors that influence life within this region.

Chapter 2 has highlighted the key successes and challenges experienced by the more high profile service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

Chapter 3 provides insight into the organisation structure and changes required to ensure that Senqu Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

Chapter 4 represents an extremely detailed account of Senqu Municipality's financial health and wealth and includes all financial statements as public documents.

Chapter 5 provides comprehensive information on the functional areas of Senqu Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Whilst highlighting successes, challenges and distinct progress in all areas of service delivery, the Annual Report of 2005 - 2006 provides an accurate record that clearly illustrates the progress, growth, and development of municipal services and performance of Senqu Municipality.

## **GLOSSARY**

<i>CBO</i>	<i>Community Based Organisation</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>DWAF</i>	<i>Department of Water Affairs and Forestry</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practices</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GRAP</i>	<i>Generally Recognised Accounting Practices</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>ILGM</i>	<i>Institute of Local Government Management of Southern Africa</i>
<i>IMPRO</i>	<i>Institute of Municipal Public Relations Officers</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LGSWETA</i>	<i>Local Government and Related Services SETA</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>NEPAD</i>	<i>New Partnership for Africa's Development</i>
<i>NGO</i>	<i>Non-Government Organisation</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SMME</i>	<i>Small, Medium and Micro Enterprises</i>
<i>TLC</i>	<i>Transitional Local Council</i>
<i>UKDM</i>	<i>Ukhahlamba District Municipality</i>

## **CREDITS**

*Senqu Municipality wishes to thank the following people for their contributions:*

- The Mayor and Councillors*
- Office of the Municipal Manager*
- Manager: Corporate and Support Services*
- Manager: Community and Social Services*
- Manager: Technical Services*
- Manager: Finance*
- Special Mention: Charmaine Van Schalkwyk Consulting*