



*STEVE TSHWETE LOCAL
MUNICIPALITY*

2005/2006

ANNUAL REPORT

MEMBERS OF THE MAYORAL COMMITTEE

Councillors:

I M T Mahlangu	Executive Mayor
R T Mabanola	MMC Helath, Housing & Social Services
H K Masango	MMC Technical & Facilities
J B Mayaba	MMC Business Development
B P Ndala	MMC Traffic & Emergency Services
S P Sithole	MMC Finance
A B Xulu	MMC Administration & Human resource
T R Mpye	Speaker

Ward Councillors:

N E Masemola	Ward 1	P B Koekemoer	Ward 13
T J Mokwana	Ward 2	J P Rossouw	Ward 14
J B Mayaba	Ward 3	M van der Merwe	Ward 15
M G Ntuli	Ward 4	M S Jooma	Ward 16
A Masina	Ward 5	R Xaba	Ward 17
R T Mabanola	Ward 6	T R Mpye	Ward 18
M O Masangu	Ward 7	J Jelle	Ward 19
B M Mlotshwa	Ward 8	E S Mathebula	Ward 20
A B Xulu	Ward 9	J K Mahlangu	Ward 21
C T Tonga	Ward 10	T J Morotobolo	Ward 22
G Nkamba	Ward 11	C J Bezuidenhout	Ward 23
M J Brits	Ward 12	I M T Mahlangu	Ward 24

Councillors, proportional:

C M McFarlane	H K Masango	L Seedat
E Du Toit	B B Matshiane	M J Selala
A D Heymans	S S Mdhululi	P R Sibanyoni
R D Jelle	T D Motau	B Simelane
H Knoesen	B S Mthimkhulu	S P Sithole
A M Mabena	B P Ndala	K P Tlou
N Mahlangu	H Pilodia	W J Harrington
R E Redman	H Msibi	

M van Rooyen resigned with effect from 31 January 2005 and was replaced by Cllr. W J Harrington.

GRADING OF LOCAL AUTHORITY: GRADE 4

AUDITORS	Auditor-General
BANKERS	ABSA Bank
LEGAL FIRMS	BRANDMULLER ATTORNEY'S VAN DEVENTER & CAMPHER STRÖH & COETZEE BIRMAN & SERFONTEIN
REGISTERED OFFICE	Civic Centre Wanderers Avenue P O Box 14 Middelburg 1050
TELEPHONE	(013) 249 7000
FACSIMILE	(013) 243 2550
WEBSITE / EMAIL	council@stevetshwetelm.gov.za

MUNICIPAL MANAGER	W D Fouché
TELEPHONE	(013) 249 7263
Email address	wfouche@stevetshwetelm.gov.za

MANAGER FINANCE	F J Naude (Registered Municipal Accountant)
TELEPHONE	(013) 249 7107
Email address	fnaude@stevetshwetelm.gov.za

MANAGER CORPORATE SERVICES	S M Mnguni
TELEPHONE	(013) 249 7242
EMAIL ADDRESS	mmnguni@stevetshwetelm.gov.za

MANAGER TECHNICAL AND FACILITIES

H N NIEMANN

TELEPHONE

(013) 249 7207

EMAIL ADDRESS

hniemann@stevetshwetelm.gov.za

MANAGER PUBLIC SERVICES

C N HLATSHWAYO

TELEPHONE

(013) 249 7202

EMAIL ADDRESS

chlatshwayo@stevetshwetelm.gov.za

STEVE TSHWETE LOCAL MUNICIPALITY

VISION

TO BE THE BEST LOCAL MUNICIPALITY
IN THE WORLD IN SERVICE DELIVERY

MISSION STATEMENT

THE STEVE TSHWETE LOCAL MUNICIPALITY IS COMMITTED TO THE
TOTAL WELL BEING OF ITS CITIZENS THROUGH :

- THE RENDERING OF AFFORDABLE, ACCESSIBLE, EFFICIENT AND QUALITY SERVICES
- THE MAXIMIZING OF INFRASTRUCTURAL DEVELOPMENT THROUGH THE UTILIZATION OF ALL AVAILABLE RESOURCES
- IMPLEMENTATION OF EFFECTIVE SYSTEMS AND PROCEDURES
- THE CREATION OF AN ENABLING ENVIRONMENT FOR LOCAL ECONOMIC DEVELOPMENT
- THE EFFECTIVE CO-OPERATION WITH RELEVANT STAKEHOLDERS

PRINCIPLES AND VALUES

- TO TREAT EACH OTHER WITH DIGNITY AND RESPECT AT ALL TIMES
- TO DILIGENTLY APPLY THE PRINCIPLES OF "BATHO PELE" IN OUR DEALINGS WITH OUR CITIZENS
- TO PERFORM OUR DUTIES WITH A SENSE OF PRIDE AND HONESTY
- TO APPROACH OUR RESPONSIBILITIES IN A SPIRIT OF TEAMWORK AMONGST OURSELVES AND WITH OTHER ORGANS OF STATE

2005/2006

ANNUAL REPORT

CORPORATE SERVICES

Information Technology

Public Relations

Property Valuation

Human Resource Management

Town Secretary

Function	Manager : Corporate Service		
Sub Function	Information Technology Services		
Reporting level	Detail	Total	
Overview	<p>The Chief Information Technology Services is the head of the IT Services department at the municipality.</p> <p>The Information Technology Services department was created as per Council resolution M22/04/2004 which re-allocated the GIS Services section which was previously under the Technical and Facilities department to the Corporate Services department.</p> <p>The purpose of IT Services department is to improve service delivery to the municipality citizens through the provision of Information and Communication Technology and its related services in a maintained network security environment. Through e-Government it will promote efficiency of all its stakeholders.</p> <p>All ICT related products are procured through the department for the sake of standardization which will lead to cost saving. All ICT faults are reported in the IT Help Desk.</p>		
Description of Activity	<p>The services rendered by the Information Technology Services department are as follows:</p> <ul style="list-style-type: none"> • Procuring and maintaining all ICT equipment (hardware and software). • Update the network security in terms of antivirus and e-mail filtering. • Troubleshooting users' application software programs. • Backups of all network information for all users who store information on their network drives. • Administer the network accounts for all the users. • Maintenance of computer hardware and other related peripherals. • Ensure that computer network connectivity is always up and running which includes the wireless network to connects pay points, clinics and libraries. • Render support on the application systems running at Council which includes the Oracle, and IMIS Integrator (which contains documents management, Geographic Information Services such as sewer, storm water pipes, water meters, electrical meters, sewerages, stands, street names and other related services). • Investigate and analyze the needs of the users and develop or assist departments in acquiring their application software's. 		

	<p>Procure computer hardware in the form of quotations or tenders for all departments.</p> <ul style="list-style-type: none"> • Perform regular management of assets (software, computers and etc) using Track-IT system. • Updating the website (www.stevetshwetelm.gov.za) regularly in terms of relevant government legislations. • Printing maps for all stakeholders (i.e. public and staff) using GIS applications. • ICT Policy formulation. <p>The strategic objections of this function are to :</p> <ul style="list-style-type: none"> • The Information Technology Services is still in the process of developing the Information Technology Strategy (MSP). • Users are advised on network security matters such as how to create secure passwords and etc. The IT Services is constantly developing policies, standards, and procedures to guide users about legal use of network resources. Standardizing of computer equipments and software is being addressed by continuously checking the market for new technology. • With the help of the Surveyor General's office, GIS information is captured for the subdivisions and consolidations of stands. 	
<p>Key Issues for 2005/2006</p>	<p>Key Issues for 2005/2006</p> <ul style="list-style-type: none"> • The position of Clerk Grade 10 was upgraded to the Programmer / System Analyst position and placed at level 6 which was then filled. The incumbent developed the new look and feel of the Council's website which is now updated on regular basis to conform to all legislative requirements. These include: placing of the budget, adverts, tenders, quotes, as well as vacancies. The necessary tools were procured for this purpose under the project: Internet Access and Webpage development. • Most obsolete ICT assets like computers, monitors, and printers were identified and written off following Council's procedure on disposal of assets. This was done in conjunction with the Finance department. • Computers and notebooks were centrally procured through the tender process where specific hardware and standard was followed. The department procured its own computers of which one has been allocated to the service provider and has loaded Access Control System which was previously running on their own computer. The computer is utilized for call logging. Further, various miscellaneous hardware devices were procured throughout the financial year. • The Call Centre project is being implemented which will be used for logging of all emergency services, recording all radio calls for effective service delivery and quality control purposes. • Through the Communication (add radio links to external stations) budget, additional radios were procured to extend and upgrade the wireless network. The extended 	<p>2</p> <p>±470 items</p> <p>41</p> <p>±135</p> <p>5</p>

	<p>wireless network now caters for: Stores, Parks, Solid Waste and Engineering departments which were previously running on slow 64K Diginet lines. The above sites were unable to run the procurement system (I-Qual) which is used at Council. The 24 Hour Centre building has been connected via fiber as well as radio which serve as a backup link to the Civic Centre.</p> <ul style="list-style-type: none"> • The Computer Room (server room), PABX Room, Gerald Sekoto Library, Traffic Offices and Tower had lighting protection installed. This will minimize the risk of lighting strikes on Council's computer equipment which may disrupt the communication network necessary for service delivery. • The IMIS Integrator was upgraded to form part of the GIS System for effective management of services. Extensions 26,27,28,29 and 30 were captured to reflect on the system. Doornkop Informal Settlement was captured to form part of the IMIS System. Users can have all the above areas with their SG Diagrams in their finger tips at a click of a button. Wards were updated and aligned where necessary and made available on the System. Street addresses were allocated on the new townships. • Microsoft Exchange server was procured in order to enable the organization to have effective e-mail communication tool. • Installed networking cables on the New Traffic, Call Centre and licensing offices. Networking was further installed in the offices which were previously occupied by the Nkangala District Municipality personnel. • Surf Control was procured to help with Internet and email security issues on the network. • Tape library was procured in order to have large volumes of data stored on tapes for disaster recovery without intervention of technicians and this eliminated the need to pay for overtime. • Upgraded to Netback-up cross platform version 6 and procured additional licenses. • Upgraded to Oracle 10g standard edition one processor which enabled the IMIS Integrator to read Munsys data directly to achieve integration of systems. • Upgraded most computers from Microsoft Windows 98 to MS Windows XP with MS Office 2003 through the standardized software project. • Senior management attended the training of Local Government Resource Centre / LGNet which was presented by Deloitte behalf of the Development Bank of 	<p>5</p> <p>6</p> <p>1</p> <p>1</p> <p>1</p>
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Function	Manager : Corporate Services	
Sub Function	Chief : Public Relations	
Reporting level	Detail	Total
Overview	The Public Relations Department is a service provider to all other departments within the municipality. It provides for the means through which communication internally and externally may be forged. The purpose of the department amongst others entail the management of events, administration of councils communication function, community development, publicity, marketing of council facilities, activities and services.	
Description of Activity	The Public Relations department function within the municipality is administrated as follows:	
	<ul style="list-style-type: none"> • Provision of publicity for Council events. • Marketing of Council activities and services Management of Council newsletters. • Maintenance of media relations; Co-ordination of events such as Festivals, ceremonial functions, cultural occasions, campaigns, etc. • Providing assistance to the national and provincial offices for any occasions that should be co-hosted by the municipality. • Administration of the municipal information desk. • Submission of reports with recommendations to the Mayoral Committee. • Dealing with general public enquiries (telephonically, in writing and otherwise). • Management of customer suggestions and complaints system. • Development of council website. • Liaison with other structures e.g. NGO's community based organizational and stakeholders; Representing Council at all relevant structures and formations e.g. Mpumalanga Tourism, Communication of Council policies, Telecommunications administration. • Access control administration and the maintenance of a photo library. 	
	The strategic objectives of this function are to:	
	<ul style="list-style-type: none"> • Ensure public awareness of council activities, events and services • Providing a mechanism thorough which the general public may submit their concerns and compliments and reacting thereto. • Creating a strong sense of community through festivities and ceremonials occasions. • Ensuring efficient communications electronically and 	

	<p>otherwise.</p> <ul style="list-style-type: none"> Continuously monitoring customer satisfaction by way of suggestion/complaints/compliments mechanism. Ensure the provision of effective assistance to the community by referring them through to the correct and relevant department for enquiries. Marketing of council incentives for possible investments Media relations 	
	<p>The key issues for 2005/06 have been:</p>	
	<ul style="list-style-type: none"> Purchase of an additional digital camera to capture council events. Purchasing of a corporate display The launch/handing over of all major projects completed for the era ending March 2006 Mayoral Inauguration of May 2006 Presidential visit HIV/AIDS Awareness campaign of December 2005 Upgrading of the PABX 	

Analysis of the Function:	<ol style="list-style-type: none"> Number of municipal publications <ul style="list-style-type: none"> ❖ External – 6 000 copies ❖ Internal – 1300 copies Slots with the Greater Middelburg FM Publication of council meetings Suggestion boxes at traffic generating points Press Statements Radio statements Advertisement of Council activities, e.g. joint effort with SAP against corruption Community development workers – towards community participation 	<p>Quarterly Quarterly 1/week as required as required as required as required</p> <p>20</p>
	Number of personnel	8

Function	Manager : Corporate Services	
Sub Function	Human Resources Management	
Reporting level	Detail	Total
Overview	<p>The Human Resources Department provides support services to all departments. The main focus areas includes amongst other ensuring accountable, efficient and transparent governance as well as the provision of an efficient and effective Human Resources support services to other departments, the public and external stakeholders.</p> <p>The Human Resources Department renders an advisory service with regard to providing and maintaining human resources for delivery of quality services to the communities.</p>	
Description of the activity	<p>The function of the Human Resources Department includes the following :</p> <ul style="list-style-type: none"> • Forecasting and predicting the human resources needs in the organization in consultation with the various departments (personnel budgeting) • Recruitment selection and placement of staff and the administration of the employment process. • Updating and maintenance of the human resources database for proper record keeping purposes. • Compilation, maintenance and updating the organizational diagrammes of the municipality after approval by Council. • Occupational health and Safety advisory and training services to all departments. • Administration of Council's employee Assistance (EAP) programme. • Administration and arrangements of HIV/AIDS consultative meetings and campaigns in the workplace in co-operation with all departments. A HIV/AIDS committee was established and met on a monthly basis. • The TASK Job Evaluation forms for most departments are completed. • The Employment Equity plan was proceeded with. The targets put by Council for namely that 75% of the administration must be composed of the designated groups in 2004/2005 (d.g.) were reached as follows: 	

		% status of d.g. 2000	% status of d.g. 2006	Improvement																												
	Levels 1 – 5	28%	62,5%	45 %																												
	Levels 1 – 10	58%	78,3%	20,3%																												
	Level 1 – 12	66%	82,9%	16,9%																												
	<p>The Employment Equity reports were submitted to the Department of Labor timeously.</p> <ul style="list-style-type: none"> • The Skills Development Plan and implementation report was submitted to the LGSETA and funds were paid back to Council as result of it. Courses were presented to 464 employees and 33 employees attended ABET classes. • In independent survey on employee well being was conducted and the results were made available to management. • Fringe benefit administration whereby employees were advised about their benefits e.g. housing, loans, pension or gratuity fund benefits, group life insurance etc. Most Councilors who were not re-elected received their pension money and was assisted with application for UIF. 																															
Strategic Objective	<p>This function is to:-</p> <p>To provide human resources support services to the entire institution.</p>																															
Key issues	<p>2005/2006</p> <ul style="list-style-type: none"> • The quantitative objectives on employment equity. • Completion of the TASK Job Evaluation process 																															
Analysis of the function	<p>The Human Resources Departments statistical achievements during the 2004/2005 financial year was as follows:-</p> <table border="1"> <tbody> <tr> <td>Number of personnel in the department</td> <td>11</td> </tr> <tr> <td>Advertised vacancies</td> <td>150</td> </tr> <tr> <td>Application received</td> <td>9768</td> </tr> <tr> <td>Average per post advertised</td> <td>65</td> </tr> <tr> <td>Interviews conducted</td> <td>389</td> </tr> <tr> <td>Employees appointed</td> <td>74</td> </tr> <tr> <td>Employees promoted</td> <td>35</td> </tr> <tr> <td>Temporary appointments : average per month</td> <td>143</td> </tr> <tr> <td>New employees inducted</td> <td>91</td> </tr> <tr> <td>Resignations</td> <td>39</td> </tr> <tr> <td>Retirements</td> <td>20</td> </tr> <tr> <td>Deaths</td> <td>19</td> </tr> <tr> <td>Dismissals</td> <td>12</td> </tr> <tr> <td>Private work applications handled</td> <td>102</td> </tr> </tbody> </table>				Number of personnel in the department	11	Advertised vacancies	150	Application received	9768	Average per post advertised	65	Interviews conducted	389	Employees appointed	74	Employees promoted	35	Temporary appointments : average per month	143	New employees inducted	91	Resignations	39	Retirements	20	Deaths	19	Dismissals	12	Private work applications handled	102
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Function: Sub Function:	Corporate Services Property Valuation Services		
Reporting Level	Detail	Total	
Overview	The Property Valuation Services Department provides property valuation services to the Municipality including the compilation and maintenance of valuation rolls, ad-hoc valuations and advice to other departments concerning property related issues.		
Description of activity	<p>The function of the Property Valuation Services Department within the municipality is administered as follows:</p> <ul style="list-style-type: none"> • Continual updating and analyzing of property related data. • Inspection and valuation of all properties within the municipal boundaries. • Compilation of a quadrennial valuation roll. • Consider and decide objections. • Manage and monitor Valuation Board Hearings. • Maintenance of valuation rolls by conducting supplementary valuations and compiling a supplementary valuation roll. • Manage and decide on ad-hoc valuations. • Render advice to other departments on property related projects and issues. <p>The strategic objective of this department is to provide a cost-effective, equitable and sustainable valuation service to the municipality in order to ensure a reliable source of revenue from assessment rates.</p> <p>The key issue for 2005/2006 was to commence with the valuation process regarding the compilation of a comprehensive valuation roll in terms of the Property Rates Act.</p>		
Analysis of the function			
	1. Inspection and valuation of properties for valuation roll –(± 44 000 properties)	4 yearly	
	2. Inspection and valuation of properties for supplementary valuation roll	As required	
	3. Consider and decide objections	As required	
	4. Inspection and valuation of properties for ad-hoc requisitions	As required	

5.	Number of personnel	4	
Short history of Department	This is a newly formed department which has been established during the 2004/2005 financial year. The Chief: Property Valuation Services, two Senior Property Valuers and a Data Capturer have been appointed during this period, the required office equipment have been acquired and a fully operational office was established. During 2005/2006 the process of compiling a valuation roll was commenced with.		
Task accomplished in previous years	<ul style="list-style-type: none"> • The establishment of a fully operational department. • Conducted 91 ad-hoc valuations to address the backlog. • Determined prices for 1324 erven in Aerorand • Conducted 1010 supplementary valuations • Inspected and valued 187 properties in the newly incorporated Blinkpan Village • Commenced with the preparations for the valuation process regarding the compilation of a comprehensive valuation roll in terms of the Property Rates Act. 		
Tasks accomplished last year – Capital an Operating	<ul style="list-style-type: none"> • Purchased printer desk and one full computer system. • Conducted 99 ad-hoc valuations. • Conducted 587 supplementary valuations. • Determined prices for 596 erven in Middelburg Extension 18 • Inspected updated data and valued approximately 55% of properties within the MP 313 area for the compilation of the 2007 – 2011 valuation roll. 		
Tasks to be accomplished in current budget	<ul style="list-style-type: none"> • Purchase office desk, filing cabinets and aqua cooler. • Conduct ad-hoc valuations as required. • Conduct supplementary valuations as required. • Complete the valuation of properties for the compilation of a comprehensive valuation roll in terms of the Property Rates Act by 1 February 2007. • Consider and decide objections regarding the above-mentioned valuation roll. 		
Tasks to be accomplished according to IDP objectives	<ul style="list-style-type: none"> • Compile a comprehensive, fair and uniform quadrennial valuation roll. • Maintain the valuation roll by causing supplementary valuations. • Conduct valuations on immovable property for other municipal purposes including alienation of land, acquisition and expropriation, rental and replacement value. 		

Function	Manager : Corporate Services		
Sub Function	Town Secretary		
Reporting level	Detail		Total
Overview	<p>The Department of the Town Secretary provides support services to the mayoral offices and all of the other departments within the institution. The main focus areas includes amongst other ensuring accountable, efficient and transparent governance as well as the provision of an efficient and effective services to other departments, the public and other external stakeholders.</p> <p>The department consists of two sections, an administrative, and a legal and property section.</p>		
Description of Activity	<p>The function of the Town secretary within the municipality includes the following :</p> <ul style="list-style-type: none"> • The management of all incoming post and dispensation to relevant • The compilation of Council, Mayoral, Portfolio Committees and Ward Committee agendas as well as the minutes thereof • Rendering secretariat services to the aforementioned committees and council meetings • Rendering of an overall professional legal and secretariat service • Ensuring compliance with relevant legislation and related matters • Implementing and facilitating processing to ensure the passing, execution, implementing and safeguarding of resolutions. • Attending to all property transactions including the sale of erven that are sold by Council fro time to time, leasing of properties from the Council, leasing of equipment by Council, service level agreement,. Etc. • Disposal of properties in accordance with guidelines as set by the national Department of Housing • Rendering of contract management function • Revision of existing municipal by-laws and compilation of new by-laws. • Conducting activities relating to the overall procurement function of municipality such as the compilation of tenders, 		

	<ul style="list-style-type: none"> contract management etc. • Attending of disciplinary hearings • Administration of community halls • Approval of applications for marches and public gatherings • Co-operation with all spheres of government working with all other departments and relevant stakeholders to ensure timeously reporting. 	
	<ul style="list-style-type: none"> • The compilation of agendas for Portfolio, Mayoral and Council meetings. • The prompt execution of resolution taken • Compilation of a manual in terms of the access to the Information Act. • The development of an electronic postal system with the assistance of the GIS department. 	
Analysis of the Function	<p>Number of all personnel</p> <p>Number of incoming post received</p> <p><u>Number of agendas compiled :</u></p> <p>Council meeting agendas</p> <p>Mayoral Committee meeting agendas</p> <p>Portfolio Committee meeting agendas</p> <p>Ward Committee meeting agendas</p> <p>Naming & Renaming Committee</p> <p>Ethics Committee</p> <p>Number of Ward Committees established</p> <p>Applications for public gatherings</p> <p>Number of community hall bookings</p> <p>Number of disciplinary hearings held</p> <p>Number of bid awarded</p> <p>Number of erven sold</p>	<p>32</p> <p>10722</p> <p></p> <p>13</p> <p>30</p> <p>4</p> <p>80</p> <p>3</p> <p>0</p> <p>24</p> <p>9</p> <p>1293</p> <p>65</p> <p>52</p> <p>560</p>

2005/2006

ANNUAL REPORT

TECHNICAL & FACILITIES

Town Electrical Engineer

Parks and Recreation

Town Engineer (Water, Sewerage and Roads)

Municipal Buildings

Town Planning

Solid Waste Disposal

Function	Technical & Facilities : Town Electrical Engineer	
Sub Function	Electricity distribution	
Reporting level	Detail	Total
Description of Activity	<p><i>The distribution and transformation of electrical energy as a function of the municipality is administered as follows and include:</i></p> <ul style="list-style-type: none"> ❖ Maintenance of existing electricity networks consisting of lines, cables switchgear and transformers. ❖ Provide infrastructure for new developments. ❖ Responsible for the acquisition, transformation and distribution of bulk electricity. ❖ Operation and maintenance of networks and substations. ❖ Ensure sustainable, affordable, effective and efficient access to electricity for its residents, businesses and industrial sector. ❖ Management and metering of electricity to reduce losses and power interruptions. ❖ Provision of efficient street and area lightning to cater for the needs of the community. ❖ Provides new infrastructure for developments. <p>These services extend to include function/area, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><i>The strategic objectives of this function are to:</i></p> <ul style="list-style-type: none"> ➤ Provide electricity to all households in the licensed area. ➤ Provide free electricity connections to all RDP households in the licensed area. ➤ Maintain existing electrical infrastructure. ➤ Reduce and minimize power interruptions ➤ Provide electricity to new developments. <p><u>The key issues for 2004/5 are:</u></p> <ul style="list-style-type: none"> ✓ Effective maintenance of existing electrical infrastructure, equipment and vehicles to provide a good quality and a affordable service. ✓ Maintenance of existing street and area lighting infrastructure, equipment and vehicles to provide efficient area and street lighting. ✓ Continuous replacement of redundant & unsafe switchgear to ensure safety of workers and public, reduce damage to equipment and ensure a continuous supply of electricity. ✓ The provision of connections to all new developments as and when required ✓ Upgrading of distribution network in Mhluzi and Middelburg. ✓ Provision of new infrastructure and connections for RDP houses 	

Financial year 2005/2006

The following projects were completed.

Electrification Projects

Project	Qty	Description	Amount spent
Doornkop phase 1	130	The network was installed for approximately 300 houses & connections made to 130 informal dwellings. Transformers to be installed in Des 2006 to complete installation.	R 1,951,768
Extension 24 phase 2	444	The network was installed & connections made to 444 informal dwellings. Transformers to be installed in Des 2006 to complete installation.	R 1,534,530
Tokologo phase 3	80	Installation completed & 80 dwellings connected.	R 264,749
RDP houses		Connections to RDP houses with reallocation of squatters & allocation of RDP houses	R 100,000
Kwaza Ext 3	50	Phase 1 of installing services to new erven	R 154,630
Mhluzi Ext 2	17	Infrastructure installed to subdivided erf	R 54,217
Mhluzi Ext 4	39	Phase 1 of infrastructure installed to subdivided erf	R 57,067
Aerorand	96	Services to new domestic stands	R 1,046,279
Extension 18	100	Services to new domestic stands	R 260,048
Primary & Link services			
Project	Qty	Description	Amount spent
Kwaza Ext 6	1300	Replace bare overhead MV conductor with ABC	R 331,954
Doornkop Reroute Line		An Eskom MV line was rerouted around new erven	R 240,094
Doornkop links		Eskom Links - new bulk connection	R 250,000

Master-plan		Master plan to increase supply capacity to Middelburg	R 322,140
Bulk Connections		Bulk connections - Councils contribution to network expansion	R 170,078
Network Reinforcement		Reinforce network were capacity is required	R 480,000
Roberts Development		New MV switchgear in substation.	R 83,721
Upgrading & Safety of networks			
Project	Qty	Description	Amount spent
Replace LT lines		Redundant overhead lines were replaced with underground cabling	R 149,352
Ring Main Units		MV Switchgear (RMU's) were installed in network to improve network.	R 614,337
Cubicle Locks & Photo cells		Safety requirement - Installation of new locking mechanisms & locks on kiosks & cubicles where required	R 132,825
Replace meter kiosk		Unsafe, rusted & damaged kiosks were replaced	R 118,029
Hendrina LT overhead lines & poles		Lt overhead lines in Hendrina were upgraded to improve service delivery	R 308,771
Fire protection Lang substation		The completion of the installation of ventilation in an indoor 88kV substation (phase 2)	R 79,765
Botshabelo Line		The replacement of rotten wooden MV poles with concrete poles phase1	R 89,038
English Medium Substation		New MV switchgear was purchased	R 118,905
Middelburg dam MV line		Replacing old overhead MV line	R 246,868
Streetlights en High masts			
Project	Qty	Description	Amount spent
Upgrade Streetlights Eastdene		Replace redundant light fittings	R 161,344

Streetlights Mhluzi/Kwaza		New streetlights	R 1,044,389
Streetlights Hendrina/Kwaza		New streetlights	R 202,412
Streetlights Middelburg/Mhluzi		New streetlights	R 594,020
High-masts		The installation of new high mast lights in Mhluzi, Doornkop, Ext 24 & Kwaza	R 6,107,984

Function	Technical & Facilities	
Sub Function	Parks & Recreation : Cemeteries	
Reporting level	Detail	Total
Overview	Currently eight cemeteries are maintained in Middelburg area and three in Hendrina and Kwazamokuhle. The community in the rest of the incorporated areas in the Steve Tshwete municipality area utilise the cemeteries in the nearest vicinity.	
Description of Activity	<p>The function of provision of various community and social services within the municipality is administered as follows and include:</p> <ul style="list-style-type: none"> • Provision of cemeteries • Continuous updating and record keeping of cemetery registers • Planning and development of future cemeteries to ensure that sufficient space is available • The maintenance and upgrading of existing equipment, vehicles, system and procedures to ensure a quality service to the community 	
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • To upgrade the existing cemeteries which include fencing tarred roads and ablution facilities • To provide new cemeteries in the rural area at places such as Pullenshope, Rietkuil, Komati and Kwa-Makalane. • To maintain existing facilities on a high standard. 	
	<p>The key issues for 2005/2006 have been:</p> <ul style="list-style-type: none"> • The continuous upgrading and maintenance of cemeteries • The surfacing and kerbing of gravel roads at Phumolong • The new area of Fontein Street cemetery and temporary grading of gravel roads and surfacing portion thereof. • The new area at Hendrina cemetery, surfacing and kerbing portion of the roads. • New fencing on part of Hindu and Voortrekker Street cemeteries. • Extension of Phumolong cemetery. • Identify sites for cemeteries in rural areas. Komati and Pullenshope. 	
Analysis of the Function	<ul style="list-style-type: none"> • The planning process on new cemetery in Komati Pullenshope • The planning process to extend Fontein street cemetery and Phumolong 	
1	NUMBER AND COST ALL PERSONNEL:	25
2	NUMBER AND INCOME FROM BURIALS:	
	<ul style="list-style-type: none"> ❖ Phumolong ❖ Fontein Street ❖ Nasaret 	

	<ul style="list-style-type: none"> ❖ Voortrekker Street ❖ Hendrina/Kwaza ❖ Avalon <p>TOTAL BURIALS</p>	1781
3	<p>LIST OF CEMETERIES:</p> <ul style="list-style-type: none"> ❖ Cross Roads cemetery ❖ Avalon cemetery ❖ Phumolong cemetery ❖ Voortrekker Street cemetery ❖ General ❖ Jewish ❖ Moslem ❖ Hindu ❖ Fontein Street cemetery ❖ Nasaret Old cemetery ❖ Nasaret New cemetery ❖ Hendrina cemetery ❖ Kwaza old cemetery ❖ Kwaza children's old cemetery ❖ Karee street cemetery 	
Short History of Department	This department always took pride in the cemeteries and maintenance thereof and hope to keep it part of the pride of the Town and Townlands.	
Tasks accomplished in Previous Years	<ul style="list-style-type: none"> • Upgraded the existing cemeteries which include fencing tarred roads and ablution <p>Facilities.</p> <ul style="list-style-type: none"> • Provided new cemeteries in the areas that needed it. • Maintained existing facilities on a high standard. 	
Tasks accomplished last year – Capital and Operating	<ul style="list-style-type: none"> • The continuous upgrading and maintenance of cemeteries • The new area of Fontein Street cemetery temporary grading of gravel roads and surfacing portion thereof. • The new area at Hendrina cemetery, surfacing and kerbing portion of the roads. • New fencing on part of Hindu and Voortrekker Street cemeteries. • Extension of Phumolong cemetery • Surveys on portions in Komati and Pullenshope and Phumolong and Fontein street cemeteries for development 	
Tasks to be accomplished in current budget	<ul style="list-style-type: none"> • The continuous upgrading and maintenance of cemeteries • The new area of Fontein Street cemetery and temporary grading of gravel roads and surfacing portion thereof. • The new area at Hendrina cemetery, surfacing and kerbing 	

	<p>portion of the roads.</p> <ul style="list-style-type: none"> • New fencing on part of Hindu and Voortrekker Street cemeteries. • Extension of Fontein street cemetery. • Development of new cemetery in Komati and Pullenshope 	
<p>Tasks to be accomplished according to IDP objectives</p>	<ul style="list-style-type: none"> • The new area at Hendrina cemetery, surfacing and kerbing portion of the roads. • New fencing on part of Hindu and Voortrekker Street cemeteries. • Extension of Fontein street cemetery. • Development of new cemetery in Komati and Pullenshope 	

Function	Technical & Facilities 2005/2006	
Sub Function	Parks & Recreation : Department	
Reporting level	Detail	Total
Overview	The Parks and Recreation service provides a wide range of services to the community. This reaches from the administration of sports and recreational facilities to arts and cultural events. The department is also responsible for the maintenance of all parks and recreational facilities and resort like Botshabelo, Middelburg Dam and Kosmos Dam.	
Description of Activity	<p>The function of provision of Parks and Recreation Services is administered as follows:</p> <ul style="list-style-type: none"> • Provide and maintain sport facilities and day-to-day running of the municipal swimming pools at Kees Taljaard and Mhluzi. • Provide and maintain parks and open spaces as well as sidewalks pavements. • Maintain recreational facilities and resorts. • Administrate applications of pesticides and herbicides. • Arboriculture and construction services. • The operation of a municipal nursery and maintenance of diverse gardens and garden refuse removal. • Provide and maintain recreation furnishings and equipment • The operation of a mechanical workshop and a vehicle fleet. • Seasonal maintenance of Council properties and other sites, when necessary • Development of new parks and facilities 	
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • To provide additional sporting facilities and equipment for different sporting codes. • To maintain and upgrade the existing sport and recreational facilities. • To provide basic sporting facilities such as soccer fields in the rural area where there is a concentration of people. • To maintain and upgrade the existing facilities at Botshabelo Museum and Game Reserve. • To try and settle the Botshabelo land claim to the benefit of all parties involved. • To ensure that the existing museum at Hendrina is maintained and extended if possible. • To carry out general operational repairs and maintenance to parks, open spaces, sidewalks, sports and recreational facilities. • To further develop existing parks, open spaces, sidewalks and recreational facilities. • To bring into being new parks, open spaces, sidewalks and recreational facilities. 	

	<p>The key issues for 2005/2006 have been:</p> <ul style="list-style-type: none"> • The replacement of fencing and various sports facilities with concrete palisade fencing. • The refurbishment of the cloakrooms and ablution facilities of the Kees Taljaard stadium and Cricket facility. • Protection of power points at Middelburg Dam camp sites. • Upgrading and maintenance of playing equipment. • Development of new parks all over the jurisdiction. • Settle the Botshabelo land claim to the benefit of all parties involved. 	
Analysis of the Function	This Department became autonomous and is functioning as such.	
1	<p>NUMBER AND COST ALL PERSONNEL:</p> <p>Parks 180</p> <p>Sport and Recreation 23</p> <p>Arts and culture (Botshabelo) 15</p>	230
2	<p>NUMBER OF PARKS DEVELOPED:</p> <p>Existing parks 74</p> <p>New parks 2</p>	
3	<p>NUMBER OF FACILITIES PROVIDED:</p> <p>Rugby 2</p> <p>Bowls 2</p> <p>Netball 8</p> <p>Korfball 6</p> <p>Tennis 20</p> <p>Jukskei 36</p> <p>Hockey 0</p> <p>Cricket 1</p> <p>Badminton 3</p> <p>Squash 3</p> <p>Wrestling 1</p> <p>Boxing 1</p> <p>Pigeon clubs 2</p>	

	Marathon	3
	Karate	2
	Basketball	5
	Aerobics	1
	Soccer (grass fields)	9
	Volleyball	3
	Soccer (ground fields)	16
	Total operating cost of Parks and Recreation	
Short History of Department	This Department became autonomous and is functioning as such.	
Tasks accomplished in Previous Years	<ul style="list-style-type: none"> • Provided sporting facilities and equipment for different sporting codes. • Maintenance and upgraded the existing sport and recreational facilities. • Provided basic sporting facilities such as soccer fields in the rural areas. • Maintained and upgraded the existing facilities at Botshabelo Museum and Game Reserve. • Ensured that the existing museum at Hendrina is maintained. • General operational repairs and maintenance to parks, open spaces, sidewalks, sports and recreational facilities. • Developed existing parks, open spaces, sidewalks and recreational facilities. • Developed new parks, open spaces, sidewalks and recreational facilities. 	
Tasks accomplished last year – Capital and Operating	<ul style="list-style-type: none"> • Replaced fencing and various sports facilities with concrete palisade fencing. • Refurbished the cloakrooms and ablution facilities of the Kees Taljaard stadium. • Power points at Middelburg Dam camp sites. • Upgraded and maintained playing equipment. • Kerbstones around park 880 Pullenshope. • Developed new parks all over the jurisdiction. 	
Tasks accomplished in current budget	<ul style="list-style-type: none"> • Replaced fencing and various sports facilities and pools with concrete palisade fencing. • Refurbished the cloakrooms and ablution facilities of the Kees Taljaard stadium. • Power points at Middelburg Dam camp sites. • Upgraded and maintained playing equipment. • Kerbstones around park 880 Pullenshope. 	

Function	Technical & Facilities : Town Engineer 2005/2006		
	Water Waste Management		
Sub Function	Sewerage		
Reporting level	Detail	Total	Cost
Overview	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities.		
Description of Activity	<p>The sewerage functions of the municipality are administered as follows and includes.</p> <ul style="list-style-type: none"> • The maintenance of existing internal and outfall sewer networks. • The provision of new infrastructure for new developments. • The provision and management of waste treatment plants. • The treatment of waste water (sewerage and effluent) to statutory standards according to the Water Services Act. <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • To maintain the existing sewer networks in the urban areas. • To provide infrastructure for new developers. <p>Address the problems regarding sanitation and farms that might result in the contamination of water service and spreading of diseases.</p> <p>The key issues.</p> <ul style="list-style-type: none"> • Proper maintenance of all existing sewer infrastructure equipment and vehicles to provide a good quality service. • The effective treatment of human and industrial waste effluent at the treatment plants. • The effective management of sewer according to the water services act and national water laws. • The provision of new sewer connections to all new buildings upon request. • The replacement of outfall sewer lines along the river. 		

Analysis of the Function		Total	Cost
	1.Number and costs to employer of all personnel associated with sewerage functions: <ul style="list-style-type: none"> • Number and costs of all personnel 	84	R(000s) 7445
	2.Number of households with sewerage services, and type and cost of service: <ul style="list-style-type: none"> • Flush toilet (connected to sewerage system) • Biological Units • No toilet provision 		27 789 1051 4921
	3.Cost of the total sewerage function <ul style="list-style-type: none"> • Number of treatment plants 4. Free Basic Service Provision:	2	18 239 8 796

Function	Technical & Facilities : Town Engineer		
	Road Transport		
Sub Function	Roads & Stormwater		
Reporting level	Detail	Total	Cost
Overview	<p>Construction and maintenance of roads within the municipality's jurisdiction</p> <p>The Town Engineer is responsible for the proper functioning of roads and storm water. This department is responsible to maintain a satisfactory standard of planning, design, construction and maintenance of roads and storm water networks in the area.</p>		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p>The development and implementation of maintenance management system consists of:</p> <ul style="list-style-type: none"> • Pavement monitoring programme for surfaced roads • Storm water maintenance management system • Resealing programme <p>Designing of new roads and storm water drainage systems</p> <ul style="list-style-type: none"> • Planning of paving and kerbing • Collect traffic data for planning, design, maintenance and operation management • Roads and storm water planning for new developments and maintenance of existing infrastructure • Contract/construction management of new roads and storm water <p>The strategic objectives of this function:</p> <ul style="list-style-type: none"> • To install an effective storm-water drainage system in all developed areas • To tar all existing gravel roads in the township areas • To maintain existing roads, paying special attention to potholes • To improve the quality of gravel access roads in rural areas • To provide paved sidewalks in areas with high density of pedestrians • To construct roads, kerbing and storm-water drainage for new developments <p>Key issues:</p>		

	<ul style="list-style-type: none"> • Effective storm water planning and management • Execution of capital projects and maintenance work on roads and storm-water infrastructure • The construction and maintenance of paved sidewalks • The provision of new roads and storm-water infrastructure 		
Analysis of function	<p>1. Number and cost of all personnel:</p> <p>81 5272</p> <p>2. Total Number, kilometers and value of road projects:</p> <ul style="list-style-type: none"> • New bituminized 8,7 10930 • Existing re-tarred • New gravel (number) 3,0 700 • Existing re-sheeted (number) • Existing re-sealed 21,3 3190 <p><u>Note: If other types of road projects, please provide details</u></p> <p>3. Total kilometers and maintenance cost associated with existing roads :</p> <ul style="list-style-type: none"> • Tar 724 3501 • Gravel 524 <p>Total Number of kilometers :</p> <ul style="list-style-type: none"> • Constructed 8,7 10930 • Rebuilt 8,7 <p><u>Note : If other types of road projects, please provide details</u></p> <p>0</p> <p>4. Average frequency and cost of re-tarring, re-sheeting roads :</p> <ul style="list-style-type: none"> • Tar • Gravel <p>5. Estimated backlog in number of roads, showing kilometers and capital costly</p> <ul style="list-style-type: none"> • Tar • Gravel 		

	<p>Note: total number should appear in IDP, and cost in future budgeted road construction programme</p> <p>6. Type and number of grants and subsidies received:</p> <p>Note: total value of specific road grants actually received during year to be recorded over five quarters – Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</p> <p>7. Total operating cost of service</p>		<p>32109</p>
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Function	Technical & Facilities : Town Engineer		
	Water		
Sub Function	Water distribution		
Reporting level	Detail	Total	
Description of Activity	<p>The water distribution and purification function of the municipality is administered as follows and included:</p> <ul style="list-style-type: none"> • Maintenance of existing water infrastructure and provides new infrastructure for developments. • Responsible for the acquisition, abstraction, purification and distribution of bulk water. • Operation and maintenance of water treatment plants. • Ensure sustainable, affordable, effective and efficient access to water for its residents. • Management of water meter replacement programme to reduce water losses. • Maintenance of existing water infrastructure and provides new infrastructure for developments. <p>These services extend to include function/area, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • Provide drinking water to all households in the urban areas • Provide drinking water to people residing on farms/Informal settlements and who do not have access to safe water sources • Maintain existing water infrastructure • Provide infrastructure for new development <p><u>The key issues for 2005/6 are:</u></p> <ul style="list-style-type: none"> • Proper maintenance of all existing water infrastructure, equipment and vehicles to provide a good quality but affordable service. • Continuous replacement of water meters according to meter replacement programme • The provision of new connections to all new buildings upon request • Upgrading of network in Mhluzi and Middelburg • Provision of new water networks/infrastructure for the rural area • To effective management of the water networks and treatment plants according to the Water Service Act and according to the Water Service Act and by-laws. 		

<p>Analysis of the function:</p>	<p>1. Number and cost to employer of all personnel</p> <p>2. Percentage of total water usage per month</p> <p>Note: this will therefore highlight percentage of total stock used per month.</p> <p>3. Total volume and cost of bulk water purchase in kilolitres and Rand, by category of consumer.</p> <ul style="list-style-type: none"> • Residential/other • Commercial • Kilolitres pumped (portable) 13,546 620 • Kilolitres sold (portable) 10,875 558 <p>4. Total year to date water losses in kilolitres and rand</p> <p>Total year to date water losses in kilolitres 2, 605 380</p>	<p>70</p>	<p>5791</p> <p>30985810</p> <p>7112687</p>
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Function	Technical & Facilities	
Sub Function	Municipal Buildings : Department	
Reporting level	Detail	Total
Overview	This department is responsible for the provision of new municipal buildings and structures and maintenance thereof.	
Description of Activity	The municipal services are administered as follows and include: "The provision of new and upgrading municipal buildings and structures; the maintenance of municipal buildings; the cleansing of municipal buildings; public toilets and taxi ranks; the planning and installation of security systems and the compilation of replacement values of municipal buildings for insurance purposes."	
Strategic Objectives	To interact with other departments smoothly and without disturbance in order to ensure accurate implementation for planning and maintenance of municipal buildings e.g. upgrade existing ablution facilities and to install new ones at various cemeteries, taxi ranks and sports grounds, to install new shelters and carparks at taxi ranks; to upgrade old and build new libraries, clinics and sporting facilities throughout the municipal area. Additional fire stations and other municipal facilities are to be provided as well.	
	<p>The key issues for 2005/2006 have been:</p> <p>During this period a total number of 13 capital projects with the value of about 4 million rand have been undertaken, from the Community hall Extension 7 to the upgrading, extension and renovating of facilities and the provision of security fences and air-conditioning. Maintenance work to the value of 2.6 million rand was carried out in about 82000m² of municipal buildings.</p> <p>Staff component of department</p> <p>1 Engineering Technician</p> <p>2 Senior Carpenters</p> <p>1 Caretaker Cleansing</p> <p>1 Clerical Assistant</p> <p>1 Artisan Assistant</p> <p>24 Worker Grade 3</p>	
Tasks to be accomplished in current budget	<p>Challenges the department face:</p> <ul style="list-style-type: none"> • Maintaining Municipal buildings within the allocated budget for various departments and external factors like contractors and suppliers. 	
	<p>Improvement of departmental performance:</p> <ul style="list-style-type: none"> • Ensuring projects are executed within the specific time frame. • Compile yearly maintenance programme. 	
Capital Project 2005/2006	<ol style="list-style-type: none"> 1. Upgrade Electrical workshop Hendrina 2. Extension and upgrade Vaalbank Hostel 	

	<ol style="list-style-type: none"> 3. Extension and erection of garage at Extension 8 Clinic 4. Fencing at Hendrina Workshop 5. Upgrading of Taxi facilities Hendrina 6. Renovate toilet facilities at Newtown 7. Expansion of workshop Parks 8. Erection of community hall X5 9. Upgrade cloakrooms and Kees Taljaard Stadium 10. Name boards community halls 11. Upgrade of sound system Council Chamber 12. Palisade fencing at Van Calder pay point 	
<p>Tasks to be accomplished in current budget</p>	<ol style="list-style-type: none"> 1. Upgrade Rates Hall 2. Fencing 24hr Control centre 3. Erection of new community centre Extension 7 4. Fencing at Nasaret Hall 5. Fencing at Vaalbank 6. Replace floor coverings at community halls 7. Expansion of workshop Parks 8. Upgrade taxi facilities 9. Upgrade cloakrooms and Kees Taljaard Stadium 10. Upgrade taxi facilities at Kwaza taxi rank 11. Sealing grand stands at Kees Taljaard Stadium 12. Upgrade Phomolong cemetery ablution 13. Renovate old NDM offices – floor coverings 14. Upgrade Hendrina and Kwaza offices 	

Number, cost and extent of buildings maintained:

Buildings	Number	Cost
Housing	205	R253 000.00
Libraries	8	R112 500.00
Municipal Offices	3	R501 700.00
Community Halls	5	R164 000.00
Public Toilets	6	R67 200.00
Dumping Sites	4	R3 000.00
Clinics	9	R129 320.00
Hostel	2	R96 000.00
Squatter Control	1	R13 000.00
Cemeteries	5	R13 000.00
Fire Stations	2	R147 000.00
Sport grounds Middelburg	13	R230 000.00
Botshabelo Nature Reserve/Museum	1	R135 000.00
Workshops	2	R12 000.00
Sewerage Purification Plants	10	R116 000.00
Service Centre	21	R123 000.00
Fixed Property	12	R111 000.00
Taxi Terminals	6	R54 000.00
Water Purification Plants	5	R138 000.00
Electricity Sub-stations	100	R70 000.00
Vehicle Testing Centers	2	R37 000.00
24 hr Control centre	1	R40 000.00

Function	Technical & Facilities	
Sub Function	Town Planning Services	
Reporting level	Detail	Total
Overview	<p>This department is constituted mainly by two divisions namely, Town Planning and Building Control. The Town Planning Division provides the strategic direction regarding the spatial two physical development of the towns in the Steve Tshwete Municipality and ensures that the development of towns take place within appropriate pieces of legislation such as acts, buildings regulations, town planning schemes and by laws. It further facilitates and promotes the development of an integrated spatial plan in order to attain urban and rural growth management by means of physical, social, economic and institutional development.</p> <p>STAFF COMPONENT</p> <p>1 X Chief Town Planning Services 2 X Town Planners 1 X Town Planning Assistant 1X Chief Building Control Officer 1X Senior Building Control Officer 1X 5 Building and Drainage Inspector 2X Clerk Grade 1 1X Senior Clerical Assistant</p>	
Description of Activity	<p>The function of Town Planning Department within the municipality includes:</p> <ul style="list-style-type: none"> • Evaluation of applications for township establishment, rezoning, consent use, subdivision consolidation, placing of public telephone containers and applications for any land related development • Regulation and management of land uses • Evaluation and approval of building plans and site development plans • Conducting inspections of building plans and site development plans • Conducting inspections of buildings to be erected to ensure that they are in accordance with the building plans approved 	
Development Priorities	<ul style="list-style-type: none"> • To involve the community in town planning matters • To attend to the management of underdeveloped land • To provide additional land that can be used for building of churches • To attend to problems experienced with illegal use of land • To provide additional residential sites for purchase by the community • To provide land for farming purposes in the rural areas • To inform the community of the rights and responsibility of land ownership • To investigate the possibility of crating rural villages 	
Analysis of the function	<p>Number and cost of all personnel :</p> <ul style="list-style-type: none"> • Total number and value of buildings plans approved • Total number of building inspections performed 	<p>12</p> <p>1610 860</p>

	<p>Town planning status :</p> <ul style="list-style-type: none"> • Total amendment schemes recorded • Total building line • Total consents recorded • Article 92's - not registered yet • Subdivisions applications 	<p>87 62 240 12 85</p>
<p>Tasks accomplished last year – Capital and Operating</p>	<p><u>Township Establishment: Kwazamokuhle Extension 7: (600 stands)</u></p> <p>The only outstanding stage of the process of township establishment is the registration and proclamation of the township. Such application is already in the office of the Registrar of Deeds.</p> <p><u>Town Planning: Rural Village (Bankfontein): (500 stands)</u></p> <p>Application for township establishment was approved by Council. The process of township establishment is in progress. Completion of the township establishment process is envisaged towards the end of June 2007.</p> <p><u>Town Planning: Establishment of Rockdale Township: (3062 stands)</u></p> <p>Formal township establishment application has been approved by Council. The township layout has been pegged and framed into the general and approval of the Surveyor General is awaited. Completion of township establishment is envisaged at the end of June 2007</p>	

Function	Technical & Facilities	
Sub Function	Solid Waste Disposal : Department	
Reporting level	Detail	Total
Overview	The Solid Waste Disposal Services of Middelburg are managed "in a closed account", i.e. it is not subsidised at all. It consists of four main components: Residential, Business and industrial refuse removal; street cleansing and removal of refuse from illegal dumping sites; management of landfill site; provision of bulk refuse containers.	
Description of Activity	<p>The refuse collection functions of the municipality are administered as follows and include :</p> <p>Residential refuse removal (plastic bags and dustbins), 1,7³ m bulk containers in residential units, business and industrial refuse removal, street cleansing activities in central business areas and in open areas like parks, main entrances, riverbanks and vacant land, removal of excess household and garden refuse in 3m³ bulk containers.</p> <p>The strategic objectives of this function are to:</p> <p>To provide collection containers at strategic points for garden refuse; to provide all households with a dustbin; to remove all illegal dumping sites; to manage all landfill sites environment friendly and according to specifications, to ensure a safe and proper operation at most cost effective rates.</p>	
Key Issues for 2005/2006	Mass refuse containers were completely refurbished, Pendula type refuse bins were installed through out the area; garden refuse disposal sites were established in the Hendrina, Rietkuil and Komatie districts; provision of new 1,75m ³ refuse removal containers, purchase a new 19m ³ refuse removal compactor vehicle, cleaning of illegal dumping sites.	
Analysis of the Function	<p>Number of households receiving regular refuse removal services, and frequency and cost of service :</p> <p>Removed by Municipality at least once a week</p> <p>Removed by Municipality less often</p> <p>Communal refuse dump used</p> <p>Own refuse dump</p> <p>No rubbish disposal</p> <p>Note: If other intervals of services are available, please provide details.</p>	<p>31982</p> <p>0</p> <p>3</p> <p>1</p> <p>0</p>
	Total and projected tonnage of all refuse disposed :	238.33

	Domestic/Commercial Garden Note : Provide total tonnage for current and future years activity	tons per day Not measured
	Total number, capacity and life expectancy of refuse disposal sites : Domestic/Commercial (number) Garden (number) Note : Provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period.	20 3
Tasks accomplished in Previous Years	<ul style="list-style-type: none"> • Sales of refuse bins to the public on a cost price • Establishment of the Garden Refuse site in Komati, Rietkuil, and Hendrina • Establishment of the garden waste sites in Hendrina, Komati and Rietkuil 	
Tasks accomplished last year – Capital and Operating	<ul style="list-style-type: none"> • Purchase and Installation of the 851 Pendula refuse bins and repair 1.75m³ refuse containers • Identify all the illegal dumping sites and continue cleaning up of all sites • Purchase and distribution of the 1.75m³ refuse containers to the business • Completed the construction of the waste transfer station in Hendrina, Komati and Rietkuil 	
Tasks to be accomplished in current budget	<ul style="list-style-type: none"> • Purchase a refuse compactor truck • Continue cleaning and reducing the illegal dumping areas • Purchase and Install the 851 Pendula refuse bins • Develop further sites of the Dumping site • Operate and maintenance of the garden refuse sites as well as the waste transfer station • Purchase of a light Delivery Vehicle • Refurbishment of the damaged refuse containers • Continue with the sales of refuse bins to the public on a cost price • Purchase and distribution of the 1.75m³ refuse containers to the business 	
Tasks to be accomplished according to IDP objectives	<ul style="list-style-type: none"> • Provide all house holds with refuse bins at a cost price • Reduction of all illegal dumping areas • Develop further sites of the landfill site and management of the landfill sites as per conditions prescribed in the permit • Cleaning the areas around the outskirts of the town • To ensure proper operation and management of the refuse removal and street cleansing 	

2005/2006

ANNUAL REPORT

PUBLIC SERVICES

Health Services

Fire & Rescue Services

Library

Housing

Licensing

Traffic Services

Function	Public Services		
Sub Function	Health Department		
Reporting level	Detail	Total	Cost
Overview	The Health Services have two sections namely Personal Health and non-Personal Health Services. The personal services rendered by Nursing Personnel and non-personal health services rendered by Environmental Health Officers.		
Description of Activity	<p><u>1. There are nine fixed clinics and one mobile rendering the following services</u></p> <ul style="list-style-type: none"> • Maternal child and women health services • Prevention and Management of communicable and non communicable diseases • Mental health services • Community rehabilitation services • Primary oral health services • In-service training for staff, student nurses and Environmental students • Management of emergency cases and refer to hospital • Attending meetings to update from National and Provincial level • Participating in National Provincial surveys and research • Supporting community with health information as a need rise <p><u>2. Non-personal health services (Environmental Health Services)</u></p> <ul style="list-style-type: none"> • Inspection and follow up of pre-schools, schools, crèches, health services, prisons, mortuaries, sources of nuisance, food and milk premises • Investigating of complaints from the public and arrangement for rectification of nuisance conditions e.g. noise and air pollution • Confiscation and / destruction of foodstuff for human consumption • Monitoring program, which includes regular preparation and collection of samples and chemicals analysis in the laboratory e.g. air pollution and food and water • Ensure law enforcement where applicable • Assisting with Occupational Health and Safety at the workplace • Education and awareness of communities • Conduct and support the Environmental Health Surveillance • Issuing of licenses, certificates and condemnation certificates • Drawing application for court orders / interdict with respect to non complying persons • Assisting in drafting and revision of Councils by-laws and issuing of introduction permits • Responsible to scrutinize building plans alterations and 		

	additions		
	<p><u>3. Provide Statistical Information</u></p> <p>3.1 Number and cost of all Health Clinics and environmental personnel</p> <ul style="list-style-type: none"> • Professional Nurse • Environmental Health Officers • Non-professional Staff <p>3.2 Number and cost of public, private clinics servicing population</p> <ul style="list-style-type: none"> • Public Clinics (owned by municipality) • Private Clinics (owned by private, fees based) <p>3.3 Total annual patient head count:</p> <ul style="list-style-type: none"> • > = 5 years and older • < 5 years <p>3.4 Type and number of grants and subsidies received:</p> <ul style="list-style-type: none"> • Health Clinics • Environmental Health Services <p><u>3.5 Number and cost of activities:</u></p> <p>3.5.1 Food Premises</p> <ul style="list-style-type: none"> • Restaurants/Canteen • Butcheries • Street food vendors • Milking sheels • Milk shops/depots • Bakeries/confectioneries • Food trans vehicles • Fruit and Vegetable premises • Supermarkets • Other food premises 	<p>31</p> <p>5</p> <p>22</p> <p>10</p> <p>1</p> <p>163 073</p> <p>51 097</p> <p>0</p> <p>51</p> <p>20</p> <p>41</p> <p>74</p>	<p>±R4 Million</p> <p>0</p>

	<ul style="list-style-type: none"> No. of license applications Food condemnation 	63	
		5	
	3.5.2. Accommodation and related facilities		
		2	
	<ul style="list-style-type: none"> Hotels Crèche/Daycare Centers Centre for disabled Building plans 	4	
		41	
		17	
	3.5.3. Public 2 miscellaneous facilities	15	
	<ul style="list-style-type: none"> Mortuaries/undertakers Taxi-ranks Vacant stands 	11	
		1	
		37	
	3.5.4 Samples	1	
	<ul style="list-style-type: none"> Raw milk Pasteurized milk Drinking water Food samples 	877	
		6	
		5	
		41	
	3.5.5 Water and sanitation		
		26	
	<ul style="list-style-type: none"> Water treatment plant Refuse disposal sites Uncontrolled refuse dumps Public toilet complexes 	56	
		21	
		0	
	3.5.6 Environmental Management	2	
	<ul style="list-style-type: none"> Air pollution samples Vehicle emissions test Noise pollution sample 	4	
		67	
		6	
	3.5.7 General	108	
	<ul style="list-style-type: none"> Complaints Workshops Meetings Student capitation 	86	
		0	

		911	
		1	
		7	
		27	
	<u>4.Achievements of Previous Financial Years (2005/2006)</u>		
	4.1 Community awareness and development		
	4.1.1 Environmental Health Services		
	<ul style="list-style-type: none"> • Environmental awareness • Awareness on illegal dumping 	12	
		16	
	4.1.2 Health		
	<ul style="list-style-type: none"> • HIV/AIDS/TB awareness 	15	
	4.2 Capital Projects		
	4.2.1 Environmental Health Services		
	<ul style="list-style-type: none"> • 4 drawer cabinets, wooden • Desk • High-back chairs • Computer • Portable dust sampler • Erected palisade fencing for second air pollution monitor 	1	
		1	
		2	
		1	
	4.2.2 Health Clinic	1	
	<ul style="list-style-type: none"> • Tele-video - Nasaret Clinic • Aqua-cooler • Typist chair • Installed Air conditioner – Nasaret • Footstool with double steps – Mhluzi • 4 drawer cabinet – Newtown • Ext 8 clinic garage • Database patient care, Ext 8, Simunye • Desk with chair – Eastdene Clinic • Air conditioner installation – Kwazamokuhle Clinic • Equipment for clinics • Baby scale (Tanita) • Desk with type BP machine • Acc weigh baby scale • Accu check glucometer • Chairs for patients • Washing machine – Ext 8 clinic • Database patient care licensing Mhluzi and Civic centre clinic, X12 months 	1	
		3	
		3	
		1	
		3	
		1	
		1	
		2	
		2	
		1	

	<u>5.Targets 2006/2007</u>		R2.2million
	5.1 Building clinic – Tokologo		R10.000.00
	5.2 Clinic equipment		R63.000.00
	5.3 Database patient care, Nasaret and Eastdene		R6.000.00
	5.4 Patient chairs		R4.500.00
	5.5 Aqua-coolers, Ext 8 and Mhluzi clinic		R1.100.00
	5.6 Desk with chair		R2.400.00
	5.7 4 Drawer cabinet		R2.500.00
	5.8 Footstools with double step		R1.000.00
	5.9 Typist chair		R50.000.00
	5.10 Microwave – Hendrina clinic		R20.000.00
	5.11 Air conditioners – Mhluzi clinic		R320.000.00
	5.12 Air conditioner – Kwazamokuhle clinic		R50.000.00
	5.13 Air quality monitor		R14.000.00
	5.14 Directional garages		R3.000.00
	5.15 Replace computers		
	5.16 Alarm system – Air quality monitor		R6.000.00
	5.17 Portable radio		

Function	Public Services	
Sub Function	Library Department	
Reporting level	Detail	Total
Overview	The main aim of the Library is to render two types of services namely (A) the Technical Service and (b) the Public Service. The latter service is vital important.	
Description of Activity	<p>Public Services rendered in the library are the following:</p> <ul style="list-style-type: none"> • Invitations of schools especially from the rural areas to orientate them to the Library and teach them how to retrieve information since these library facilities are not available in their areas. • Provision of information on book material and non-book material (CD-rom, audio books etc.) to the users. • Provision of computerized information on Internet, Encarta and Britannica. • Provisions of inter library loan on PALS if the library material is not available in the library. The book on demand can be located on libraries within Mpumalanga jurisdiction. • Rendering door to door service for the old age home namely Kosmos, Vergeet-my-nie, St'Josephs and SAVF. • The services are highly appreciated • Rendering recreational service for children during school holidays (story telling videos, puppet shows etc) 	
Analysis of the Function	<ul style="list-style-type: none"> • Number and cost of personnel • Management (level 0 to 3) • Professionally qualified and mid management (level 3 to 6) • Office (level 7 to 12) • Non-professional – semi skilled (level 13 to 16) • Temporary staff • Contract staff 	<p>1</p> <p>14</p> <p>2</p> <p>1</p> <p>0</p>
Achievements	<ul style="list-style-type: none"> • Alarm system has been installed at Eastdene Library • Furniture has been bought for all the branches • New staff members have been appointed • Books have been bought to improve the reading conditions for the use at the library • Microwaves have been bought for Mhluzi, Eastdene, Nasaret and Gerard Sekoto to improve the working conditions for the staff members. 	

Target	<ul style="list-style-type: none">• To help schools with the functioning of their libraries and to increase awareness in reading• To purchase fax machines for Mhluzi, Kwaza, Nasaret and Eastdene to improve work faster and effectively• To obtain property for Pullenshope library• To purchase a mobile library to render services to rural areas e.g. Doornkop etc.• To utilize some offices on the first floor for study areas• To utilize some space down stairs to make a reference section to improve services to the community.	

Function	Public Services		
Sub Function	License Department		
Reporting level	Detail	Total	
Overview	This function mainly ensures the registering and licensing of vehicles & drivers for the purpose of maintaining order & legality and to promote Road Safety in general.		
Description of Activity	<p><u>The license service of the municipality is administered as follows and include:</u></p> <ul style="list-style-type: none"> • Issuing of licenses for businesses • Testing for learners & drivers licenses • Renewal of credit card type drivers licenses • Renewal of public permits • Responsible for the registration of and licensing of vehicles • Testing of vehicles for roadworthiness <p><u>Strategic objectives of this function:</u></p> <ul style="list-style-type: none"> • To register and license vehicles in accordance with legislation • To test applicants for learners & drivers licenses in accordance with prescribed procedures • Operate and maintain testing centre of vehicles for roadworthiness <p><u>Key Issues:</u></p> <ul style="list-style-type: none"> • Proper implementation of the provision of the Road Traffic Act • Improve service delivery by reduce waiting time and proper training of officials • Operate and maintain testing centre for vehicles for roadworthiness 		
Analysis of the Function	Learners Licenses issued	1705	2552
	Drivers license issued (conversions & New)	8 673	9 813
	Learners license tests	3 273	5 067
	Drivers License tests	3 151	3 456

	Motor vehicle licenses issued	55 360	57 458
	Motor vehicles registered	18 953	20 245
	Applications for professional driving permits	1 900	2 594
	<u>HENDRINA REGISTERING AUTHORITY</u>		
	Learners licenses issued	555	378
	Drivers licenses issued (conversions & new)	1 554	1 352
	Learners license tests	1 044	663
	Drivers license tests	644	472
	Motor vehicle licenses issued	6 673	6 531
	Motor vehicles registered	813	772
Short History of Department	<p>Since 1994 this Council moved over to a Transitional Local Municipal Council and included Hendrina, Rietkuil, Pullenshope and Komati which is known as the MP 313 area. These areas are now also serviced by the License Dept. with regards to the registering & licensing of vehicles. On 17 June 2006 this department moved to the new 24 Hour Control Centre and is the first registering authority in Mpumalanga that implemented the Best Practice Model System.</p> <p><u>This department consists of 26 officials which are divided into the following sections:</u></p> <ul style="list-style-type: none"> • Steve Tshwete Motor Vehicle Registration and Licensing • Steve Tshwete Drivers License Testing Centre • Steve Tshwete Motor Vehicle Testing Station • Hendrina Registration and Licensing • Hendrina Drivers License Testing Centre <p>Three of the Supervisors did go on training for the Best Practice Model. One of the Supervisors did attend the e`Natis training.</p> <p>Some of the license personnel received training on the new Live Scan unit (this is the new system for the application for renewal of drivers licenses)</p>		
Tasks accomplished in previous years	The license department achieved all the objectives in the previous years with regards to the Capital & Operating budget		

Tasks accomplished last year – Capital and Operating	<p><u>The following was achieved from last years capital budget:</u></p> <ul style="list-style-type: none"> • Staff • The vacancy of posts were filled • Health & Safety Committee <p>We established our own committee to:</p> <ul style="list-style-type: none"> • Identify the various hazards within the workplace • Promote a safe working environment • Put measures into place to ensure safety at work etc. 	
Tasks to be accomplished in current budget	<p><u>The following was accomplished in this current budget year:</u></p> <ul style="list-style-type: none"> • <u>Purchasing of new furniture:</u> <ol style="list-style-type: none"> a. Bulk Filer b. Calculators c. Draughtsman Chairs d. Facsimile e. Visitors chair f. Workstation 	
Tasks to be accomplished according to IDP objectives	<p>Additional staff were employed to serve the MP 313 area</p> <p>We reduced the awaiting time of public to be served.</p>	

	ORDER	ACHIEVED	AMOUNT	BUDGET
1 – 8 Bulk Filer	06.06.06	30.04.06	R 25 515.00	R35 000.00
Sharp Printing Calculator EL291OR	26.08.06	24.10.06	R4 413.00	R 4 500,00
Heavy Duty Draughtsman Chair	31.08.05	22.09.05	R 3 985,00	R4 000,00
Facsimile Machine	29.08.05	31.10.05	R 3 000,00	R3 000,00
Visitors Chair	26.08.05	22.09.05	R 2 403,00	

Workstation	06.01.06	30.04.06	<u>R16 000,00</u>	<u>R2 500,00</u>
TOTAL			<u>R55 316,00</u>	<u>R16 000,00</u> <u>R65 000,00</u>

Function	Public Services		
Sub Function	Traffic Department		
Reporting level	Detail	Total	
<p>Overview</p>	<p>This function mainly ensures, promotes and sustains the safety, care and protection of the community through traffic Control.</p> <p>They deal with various patrol- and court duties, speed violations, administrative warrants and summonses issued and are responsible for the maintenance and erection of Road and Traffic signs as well as street names.</p>		
<p>Description of Activity</p>	<p>The Traffic control functions within the municipality includes :</p> <ul style="list-style-type: none"> • Responsible for various patrol duties at schools, marches and marathons • Participate in “Arrive Alive” projects especially during the Easter period and school holidays. • Ensuring and promoting Traffic safety to the communities through visible traffic policing in all areas. • Maintain and erect new Traffic signs, including speed humps. • Proper monitoring of taxi overloading. • Responsible for the erection of new traffic lights and the maintenance on existing ones • Respond to vehicle accidents, fire and rescue call outs to regulate traffic incidents. <p>Strategic objectives of this function:</p> <ul style="list-style-type: none"> • To improve the quality of the service by providing more vehicles and manpower, • To ensure that Traffic officers are operating in all areas in order to reduce overloading and reckless driving. • To provide more speed humps as high risk places reducing speeding and ignoring of stop signs at intersections. • To assist with the provision of scholar patrols at strategic points to ensure the safety of children. • To assist with the correct placing of hawkers at strategic points to ensue the safety of all pedestrians and motorists. • To acquire specialized Traffic control orientated vehicles, equipment etc. <p><u>Key issues:</u></p> <ul style="list-style-type: none"> • Improve traffic control and safety • Provide additional vehicles and equipment • Provision and maintenance of existing roads and traffic signs as well as speed humps and traffic lights. • Reduce speed violations and promote traffic control and safety. 		

<p>Short History of Department</p>	<p>Since 1994 this council moved over to a Transitional Local Municipal Council and included Hendrina, Rietkuil, Pullenshope and Komati, which is now known as the MP313 area. These areas are now serviced by the Traffic Department with regards to Law Enforcement.</p> <p>The traffic officers received training on the latest equipment and technology on traffic law enforcement.</p>	
<p>Tasks accomplished in Previous Years</p>	<p>The Traffic Department achieved all the objectives in the previous years with regards to the Capital and Operating Budget.</p> <p>The Department issued in each financial year about 20 000 written notices.</p>	
<p>Tasks accomplished last year – Capital and Operating</p>	<p><u>Our major tasks accomplished this last year are as follows:</u></p> <p>Law Enforcement Staff:</p> <ul style="list-style-type: none"> • We employed additional staff to work in Hendrina after the amalgamation • We acquired staff with cast knowledge and qualifications to assist us in our duties. • Many of our staff received diplomas and degrees to enrich themselves in their fields of expertise. <p>Technical section:</p> <ul style="list-style-type: none"> • We acquired a road making machine to help speed up the process of marking our roads. • We erected and maintained speed humps at various high risk areas. • We painted street names on sidewalks • We are on a continuous basis busy to maintain proper markings and signage on our roads. • We have a technical team that concentrate on pedestrian crossings at schools as to ensure the safety of our scholars. <p>Traffic Wardens</p> <p>We appointed a number of temporary Wardens to assist our Department in :-</p> <ul style="list-style-type: none"> • Point duties at schools • Point duties at funerals • Special occasions <p>Patrol Vehicles:</p> <ul style="list-style-type: none"> • We acquired additional patrol vehicles during the current financial year. 	

Training

We initiated a training section who is dealing with the following issues:-

- Training of Scholar patrols throughout the MP313.
- Internal Training of traffic officers in: –

1. The completion of AR-Forms
2. The completion of Sect. 56 notices
3. Scholar Patrols
4. Selected firearm skills
5. The national Road Traffic Act
6. The Criminal Procedure Act
7. Safe working procedure for Law Enforcement and Technical staff
8. Safe working procedures for administration staff etc.

Our Traffic Officers performed the following external training:

- Defensive driving
- Practical shooting in Johannesburg

Specialized equipment :

We installed a number on board offence monitoring systems in our patrol vehicles (VASCAR) These systems are mainly used to record violations. It also helped us to better out conviction rate in court cases.

Specialized projects:

Our department participated in various special law enforcement projects with province, SAPS, and the SANDF, with regards to:

- The" Arrive Alive" Campaign.
- Roadblocks

Media :

We liaise with the media to inform the general public about :

- Events happening in town
- New legislation
- Traffic safety education

We perform radio announcements during peak hours to inform motorists of:

- Dangerous situations
- Collisions
- Technical problems

	<p>Council and Councilors</p> <ul style="list-style-type: none"> • We assist Council and Councilors with announcements • We transport Councilors to and from meetings outside the MP313 area. <p>Health and Safety Committee :</p> <ul style="list-style-type: none"> • We established our own committee to : • Identify the various hazards within the workplace • Promote a safe working environment • Put measures into place to ensure safety at work etc. 	
<p>Tasks to be accomplished in current budget</p>	<p>Our major tasks accomplished in this current budget year are as follows:</p> <ul style="list-style-type: none"> • Purchasing of new vehicles • Purchasing of new speed equipment • Purchasing of new computers • Purchasing of a Base Station radio and additional radios • Purchasing of additional Road signs • Erecting and painting of new street names • Upgrading of the Robot system • Employed additional staff to work in MP313 area and the filling of all vacant posts. • Purchasing of furniture for the new building. 	
<p>Tasks to be accomplished according to IDP objectives</p>	<p>As the MP313 area increased we employed additional staff.</p> <p>This also increased the hours the Traffic officers spend in areas like Pullenshope, Rietkuil and other areas in the MP313 area.</p> <p>Traffic Calming measures at high risk areas.</p> <p>A 100% of the available budget was spent within the MP313 area.</p> <p>To assist with provision of scholar patrol.</p> <p>All schools were trained in scholar patrol including 192 scholars to provide patrols at the various schools.</p>	

Analysis of the functions performed:

MONTH	NUMBER	HOURS SPENT ON OVERTIME
July	10	20
August	20	45
September	156	300
October	17	36
November	45	50
December	15	42
January	17	34
February	31	65
March	14	30
April	4	8
May	10	23
June	63	94
Total	402	747

Funeral escorts 2005/2006

MONTH	NUMBER	HOURS SPENT
July	125	250
August	60	120
September	44	90
October	67	130
November	43	86
December	52	104
January	47	93
February	52	104
March	41	82
April	59	118
May	53	106
June	49	91
Total	692	1374

Man hours worked in Mhluzi/Pullenshope and Rietkuil

MONTH	NUMBER OF HOURS WORKED
July	90
August	106
September	87
October	79
November	116
December	126
January	113
February	119
March	107
April	117
May	129

June	96
Total	1285

1. There were a total of 50 roadblocks set up for 2005/2006. With 1 500 hours spent.
2. There were 12 marches during 2005/2006.
3. There were 2 major marathons namely the: Loskop Marathon and the Greatest Train Race, and 10 other marathons.

Hawkers 2005/2006

All demarcated stands were allocated to the applicants together with the hawkers permit. A total of 172 demarcated stands were allocated which generated an income of R41 280.00 to Council.

Technical Section 2005/2006

Traffic signs and Paint used

MONTH	WHITE	YELLOW	BLACK	RED	TRAFFIC SIGNS
July	308		55	16	31
August	1005	110		140	39
September	1030	165	10		28
October	1186	130	15	60	48
November	200	420	10	85	79
December	40	20	10	15	30
January	69	10		79	42
February	207	30	26	76	140
March	726		4	20	111
April	585	25	15	5	108
May	829	165	15	15	116
June	925	492	10	95	51
TOTAL	7110	1567	170	606	823

Law enforcement duties 2005/2006 (Notices issued)

MONTH	NUMBER ISSUED
July	1533
August	2145
September	2082
October	1793
November	1385
December	1714
January	1226
February	1043
March	1849
April	2320
May	1843

June	1749
TOTAL	20682

Accidents 2005/2006

MONTH	NUMBER OF ACCIDENTS
July	246
August	244
September	218
October	246
November	246
December	221
January	216
February	228
March	255
April	214
May	218
June	213
TOTAL	2756

Warrants 2005/2006

There were a total of 1831 warrants issued.

Function	Public Services	
Sub Function	Chief : Fire Services	
Reporting level	Detail	Total
Overview	The department of the Chief Fire Services strives to save the lives of the inhabitants and visitors of the MP313 area to protect the properties and the rendering of humanitarian services. An integral part of this service is the evaluation of the area and the pro-active planning to provide a safer area for all.	
Description of Activity	<p>Some of the services provided include but is not limited to:</p> <ul style="list-style-type: none"> • Fire Fighting – structural, industrial, wild land, vehicle, ext. • Rescues – motor vehicle accidents, water related, confined space, high-angle ext. • Hazardous Materials – Identifying, managing, leak sealing ext. • Special Services – Mitigation of situations involving bees, snakes ext. pumping of water etc. • Prevention – Fire prevention inspections, building plan inspections, risk assessments, public awareness campaigns, registration and inspection of hazardous installations and premises etc. • Mutual aid agreements – Land owners, neighboring Council's, NGO's, State Departments, etc. 	
The strategic objectives of this function	<ul style="list-style-type: none"> • Disaster Management in accordance with the Prescriptions of the Disaster Management Act. • To establish and maintain a peaceful environment for the Steve Tshwete Municipal area of jurisdiction to ensure and enhance sustainable development. • To strive for effective and world class prevention, mitigation and emergency response to incidents through optimal utilization of financial, human and national resources to amicably reduce risk for the people and environment of Steve Tshwete Municipality. 	
The key issues for 2005/2006 have been	<ul style="list-style-type: none"> • The completion of the infrastructure and the commissioning of the 24-Hour Control and Complaint Centre. • The acquiring of sufficient vehicles and equipment and the appointment of sufficient staff to render an effective service and to meet the minimum requirements as stipulated in the SANS 10090 Code of Practice – Community Protection against Fire. 	
Analysis of the function	Total number of call outs : Middelburg	Total
	Total Calls	1802
	Special Services	132
	Fire Fighting	670
	Rescues	1009

	Fire Prevention Functions	470
	Total Injuries	1630
	Fatal	98
	Serious	354
	Minor	1178
	Total number of call outs : Hendrina	
	Total Calls	278
	Special Services	7
	Fire Fighting	136
	Rescues	130
	Fire Prevention Functions	27
	Total Injuries	219
	Fatal	22
	Serious	68
	Minor	129
History of department	<p>This department started out as a department being manned by Traffic Officials under the guidance of the previous Chief Fire Services, Mr. G. Pretorius. At current a full professional service is being rendered from two fire stations. One at Middelburg and one at Hendrina which is staffed as follows:</p> <p>Chief Fire Services - 1</p> <p>Assistant Chief Fire Services - 1</p> <p>Disaster Management - 1</p> <p>Station Officers - 6</p> <p>Fire Fighters - 22</p> <p>Senior Clerical Assistant - 1</p> <p>General workers - 3</p> <p>Control Room Attendants - 18</p> <p>Total 54</p>	
Tasks accomplished in Previous Years	With funding from Council not only equipment were purchased, but also a medium rescue pumper, and a primary response vehicle.	

<p>Tasks accomplished last year – Capital and Operating</p>	<ul style="list-style-type: none"> • The Council provided for the purchasing of additional equipment. • The completion of the Hendrina Fire Station was funded by the Nkangala District Municipality. • A Disaster Management workshop was conducted with all stakeholders in order to execute a proper Risk Assessment with Province playing an integral part. • A contingency plan was drafted and included in the IDP of Council. 	
<p>Tasks to be accomplished in current budget</p>	<ul style="list-style-type: none"> • This year a new medium rescue pumper was bought and equipped. • A light delivery vehicle and the primary response vehicle were also replaced by Council. • The Nkangala District Municipality provided for the final phase at Hendrina Fire Station. • A proper Risk Assessment be finalized after the completion of the District Disaster Management Framework. 	
<p>Tasks to be accomplished according to IDP objectives</p>	<p>The following tasks must still be completed as stipulated in the IDP:</p> <ol style="list-style-type: none"> a. The provision of a fire station in Mhluzi. b. The acquiring of two more fire engines. c. The purchasing of a water tanker. d. The purchasing of two more veldt fire vehicles. e. The provision of equipment f. Appointment of additional personnel. g. Execution of a comprehensive Disaster Management Risk Assessment h. Provision of a Disaster Management Framework and Plan. 	

2005/2006

ANNUAL REPORT

IDP AND LED UNITS

Function	Municipal Manager	
Sub-Function	IDP/PMS	
Reporting Level	Detail	Total
Overview	The IDP/PMS unit is the embodiment of the core business of the Municipality. It functions across all Departments in the Municipality expressing the strategic direction the Municipality has planned to take	
Strategic Goals	Creation and Revision of Council's Integrated Development Plan Creation and Implementation of a Performance Management System	
Objectives	To Conduct community meetings in each Ward to obtain inputs with regard to developmental needs of the community To compile the IDP document To conduct IDP/PMS Forum meetings for further stakeholder inputs To provide assistance in the compilation of Managers' Performance Agreements and have them processed	
Activities	1. Number of IDP/PMS Forum held : 3	
	2. Number of Community meetings held : 21	
	3. Managers' Performance Agreements processed	
	4. Compilation of the 2005/2006 IDP	

Function	Municipal Manager	
Sub-Function	LED	
Reporting Level	Detail	Total
Overview	The Local Economic Development is responsible for the socio-economic growth of the whole Steve Tshwete Local Municipality area to better the livelihoods of the communities. The purpose of the department amongst others entails managing projects, liaising with business (big and small) and facilitating LED initiatives.	
Description of the Activity	<p>The LED department function within the municipality is administered as follows:</p> <ul style="list-style-type: none"> • Liaise with other structures such as private companies, CBO`s, NGO`s and relevant stakeholders. • Stimulating and facilitating the activities that are LED related. • Liaise with the departments within the municipal and provincial and national governments 	
Strategic Objectives	<ul style="list-style-type: none"> • Introducing job creating projects within the municipal area • Developing of a LED/marketing strategy that will attract investors to our locality • Assist with capacity building especially for the small entrepreneurs • Provision of incentives for business and investors • Provision of enabling environment for business development 	
Key Issues for 2005/2006	<ul style="list-style-type: none"> • A development of a LED plan /strategy which serves as an important document to assist in driving issues of economic development in the Steve Tshwete area • An establishment of a Youth Advisory Centre in partnership with Umsobomvu Youth Fund to address entrepreneurship and career guidance issues that will benefit the youth at large • An information session in 	

	<p>partnership with seda (Witbank) and including other organizations like Absa, Landbank, etc to provide information to the small business on how to start a business or to grow an existing one</p> <ul style="list-style-type: none">• The re-launching of the LED forum with four working groups (Big business WG, Agricultural Development WG) are fully functional• The LED forum is held once quarterly and the working groups are held bi-monthly• The Thushanang School in Mhluzi is currently being utilized to provide manufacturing businesses with proper infrastructure to do their business• The Strawberry and MSI projects are still running even though with difficulties	
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2005/2006

ANNUAL REPORT

FINANCE

2005/2006

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STATEMENTS

STEVE TSHWETE LOCAL MUNICIPALITY

FINANCIAL



STATEMENTS

2005/2006

**STEVE TSHWETE LOCAL
MUNICIPALITY**



**ANNUAL
FINANCIAL
STATEMENTS**

2005/2006 Financial Year

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General Information

MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS

Councillor

I.M.T. Mahlangu	:	Executive Mayor
R.T. Mabanola	:	MMC Health, Social Services, Culture, Sport & Recreation
N.E. Masemola	:	MMC Housing & Agriculture
E.F. Mathebula	:	MMC Infrastructure Development & Service Delivery
J.B. Mayaba	:	MMC Traffic, Emergency, Transport, Safety & Security
H. Pilodia	:	MMC Economic Development, Finance & Audit
A.B. Xulu	:	MMC Administration, Human Resource & Audit

Speaker : Cllr. T.R. Mpye

Chief Whip : Cllr. M.A. Masina

WARD COUNCILLORS

Councillor

N. Monareng	:	Ward 1	J.P. Pretorius	:	Ward 13
T.J. Mokwana	:	Ward 2	D. Botes	:	Ward 14
L. Mahlangu	:	Ward 3	J. Makanya	:	Ward 15
M.G. Mathebola	:	Ward 4	H. Pilodia	:	Ward 16
T.P. Motau	:	Ward 5	R. Xaba	:	Ward 17
B. Simelane	:	Ward 6	T.R. Mpye	:	Ward 18
G. Nkamba	:	Ward 7	M.T.E. Mnguni	:	Ward 19
M.T. Masango	:	Ward 8	E.F. Mathebula	:	Ward 20
A.B. Xulu	:	Ward 9	P.R. Sibanyoni	:	Ward 21
M.A. Masina	:	Ward 10	T.J. Morotobolo	:	Ward 22
L. Zweni	:	Ward 11	A.S. Grobler	:	Ward 23
E.A. Swarts	:	Ward 12	G. Mbalane	:	Ward 24

COUNCILLORS, PROPORTIONAL

Councillor

E.S. Bassed	L.I. Manzini	R. Perumall
D. Botha	K.E. Masilela	R.E. Redman
M.J. Brits	C.A. McFarlane	A.G. Stroud
A.S. du Toit	J.N. Mgedeza	C.T. Tonga
H. Knoesen	B.H. Mokoena	K.P.J. Uys
R. Kunene	T.D. Motau	R.M.D. Zulu
A.M. Mabena		

General Information

GRADING OF LOCAL AUTHORITY	:	Grade 9
AUDITORS	:	Auditor-General
BANKERS	:	ABSA Bank
LEGAL ADVISERS	Messrs	: Brandmullers Van Deventer & Campher Ströh Coetzee Birman Serfontein
REGISTERED OFFICE	:	Civic Centre Wanderers Avenue P.O. Box 14 MIDDELBURG 1050
TELEPHONE	:	(013) 249 7000
FACSIMILE	:	(013) 243 2550
MUNICIPAL MANAGER	:	W.D. Fouché
Telephone	:	(013) 249 7264
E-Mail Address	:	wfouche@middelburgsa.co.za
MANAGER : FINANCE	:	F.J. Naudé
Telephone	:	(013) 249 7108
E-Mail Address	:	fnaude@middelburgsa.co.za
MANAGER : CORPORATE SERVICES	:	M. Mnguni
Telephone	:	(013) 249 7242
E-Mail Address	:	mmnguni@middelburgsa.co.za
MANAGER : PUBLIC SERVICES	:	C. Hlatshwayo
Telephone	:	(013) 249 7306
E-Mail Address	:	chlatshwayo@middelburgsa.co.za
MANAGER : TECHNICAL & FACILITIES	:	H. Niemann
Telephone	:	(013) 249 7208
E-Mail Address	:	hniemann@middelburgsa.co.za

General Information

ENQUIRIES

Building Plans	:	(013)	249 7179
Electricity	:	(013)	249 7223/31
Water & Sewerage	:	(013)	249 7168
Consumers	:	(013)	249 7156

PAYPOINTS

Chromeville	Telephone	:	(013)	241 2928
Hendrina	Telephone	:	(013)	293 0000
	Facsimile	:	(013)	293 0388
Komati	Telephone	:	(013)	295 3102
Kwazamokuhle	Telephone	:	(013)	294 1212
Mhluzi	Telephone	:	(013)	242 1030
Mhluzi Ext. 5	Telephone	:	(013)	241 7222
Nasaret	Telephone	:	(013)	246 1177
Pullenshope	Telephone	:	(013)	296 1630
Rietkuil	Telephone	:	(013)	297 1075
Van Calder	Telephone	:	(013)	243 2400

FINANCIAL REPORT

The financial statements have been prepared from the following principles:

- Standards of GRAP – which are GRAP 1, GRAP 2 and GRAP 3 and the 8 GAMAP standards;
- The new budget formats prescribed by National Treasury;
- The Municipal Finance Management Act;
- The Division of Revenue Act; and
- The specimen Municipal Annual Financial Statements issued by National Treasury.

Steve Tshwete Local Municipality, as a high capacity municipality, has implemented the prescribed new accounting standards as from 1 July 2005 with the exception of infrastructural assets where a grace period of three (3) years has been allowed for the unbundling.

Standards of GRAP change continually as new standards are issued by the Accounting Standards Board.

The operational results achieved for the past financial year are extremely favourable as per the Statement of Financial Performance with a surplus for the year that amounts to R83 149 930. This is mainly due to the implementation of the new accounting standards. Various transactions, which were previously accounted for under appropriations and suspense accounts, are now either recognised as revenue or as expenditure.

Should these transactions be excluded, the actual deficit for year is R1 144 055, which represents a budget deviation of 4,77%.

The following is a reconciliation of the surplus for the year in the Statement of Financial Performance to the actual budgeted surplus:

▪ Surplus/(deficit) for the year	R	83 149 930
▪ Other adjustments as recognised in the Statement of Changes in Net Assets:		
- Less Capital Replacement Reserve	R	(58 843 230)
- Plus Capitalisation Reserve	R	16 945 269
- Plus Government Grant Reserve & Public Contributions	R	10 159 914
- Less Stated Benefits Reserve	R	(26 257 876)
- Less Insurance Reserve	R	(200 000)
- Plus Transfer from surplus	R	1 402 919
Sub-Total	R	26 356 926

FINANCIAL REPORT

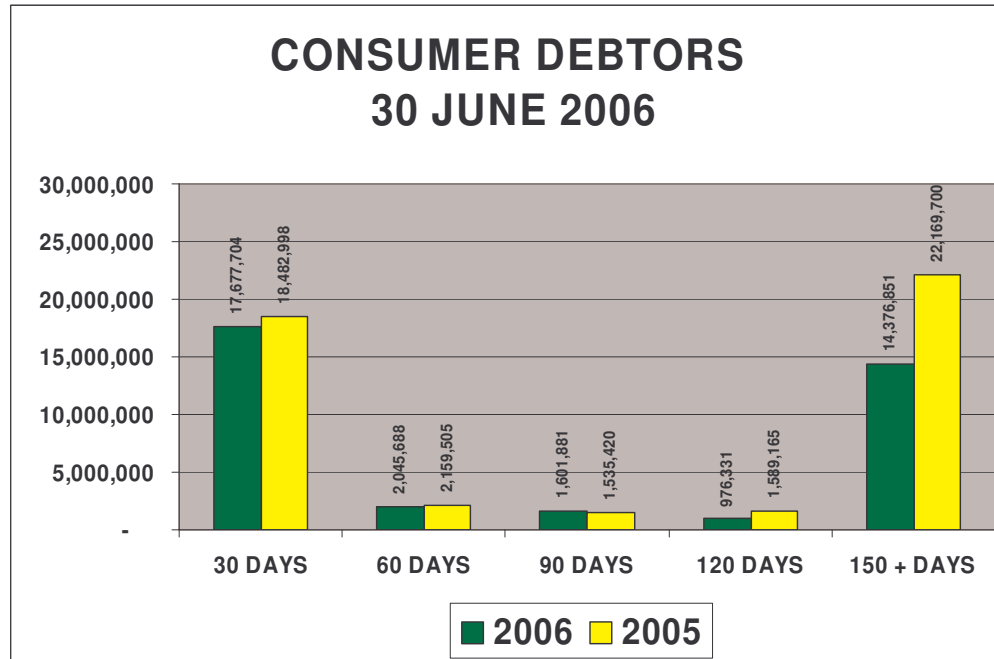
▪ Additional appropriations recognised as revenue:	
- Less Donated contributions property, plant and equipment	R (36 823 212)
- Less Interest received – Zero bond investments	R (7 761 011)
- Less Surplus stock	R (127 691)
- Less Sale of erven	R (43 539 874)
- Less Main services contributions	R (1 692 255)
- Less Additional revenue from coal reserves	R (1 219 184)
Sub-Total	R (64 806 301)
▪ Additional Appropriations recognised as expenditure:	
- Plus Stock losses	R 320 165
- Plus Leave provision	R 1 298 055
- Plus Provision for bad debt	R 760 298
- Plus Additional contribution: Capital Replacement Reserve	R 31 767 051
- Plus Inventory expensed on sale of erven	R 25 098 700
- Plus Deficit on sale of erven	R 4 417 977
Actual operating deficit	R (1 144 055)
Budget operating surplus	R 14 580 043
Unfavourable deviation	R 15 724 098

The budget deviation can amongst others be attributed to a favourable deviation in revenue to the amount of R2,1-million and expenditure to the amount of R8,3-million. Appendix E is a summary of budget variances with explanations for variances of more than 10%.

Operating income for the year is R434,6-million (2005: R338,2-million) which is 28,5% more than the previous year and includes operating government grants to the amount of R31,2-million and capital grants received to the amount of R49,3-million. Additional revenue to the amount of R43,5-million was recognised from the sale of erven. The operating expenditure for the year is R351,5-million (2005: R291,3-million) which is 20,67% higher than the 2004/2005 financial year.

An additional contribution had been made to the bad debt provision to the amount of R760 298 to supplement the provision for outstanding consumer debt exceeding 150 days and R2 005 710 for sundry debtors exceeding 150 days. Irrecoverable debts to the amount of R11,5-million were written off during the financial year.

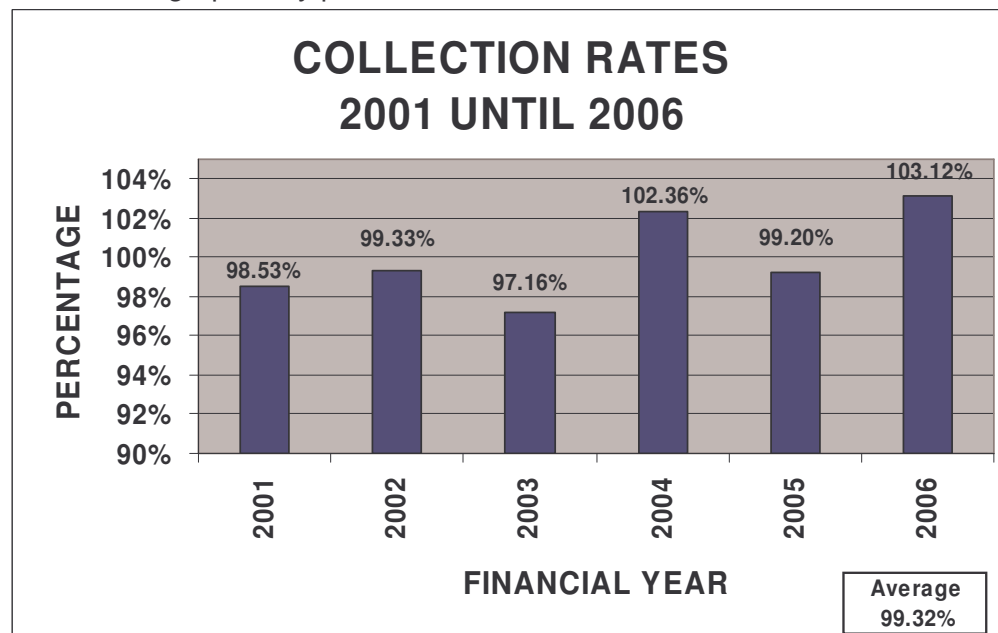
Consumer debtors has decreased from R45,9-million to R36,7-million mainly due to the debt written off during the year as well as the restatement of debtors at fair value which can graphically be presented as follows:



Cash and short term investments increased by a significant 49,25% to R257,6-million (2005: R172,6-million) over the past financial year. This is mainly the result of the strong operating performance and high collection rates for the year of 103,12% (2005: 99,02%).

The high collection rates are indicative of the strong credit control measures implemented by Council. The collection period amounted to a very healthy 23 days (2005: 33 days) with a debtors turnover rate of 7,35% (2004: 10,34%) which is in line with the accepted norms.

This can be graphically presented as follows:



FINANCIAL REPORT

Long term investments to the amount of R37,5-million (2005: R46,8-million) matured during the year to redeem external loans which amount to R36,2-million at the end of the 2005/2006 financial year. The remaining long term investments to the amount of R10,4-million serves as security for external loans to the amount of R39,2-million.

A new ten (10) year loan from SCMB of R32-million has been raised in the past financial year. This loan is intended to finance new capital infrastructural projects. Loans totaling R46,4-million were redeemed whilst the total debt decreased to R125,1-million (2005: R139,5-million).

Total debt to total income decreased to 28,67% from 41,26% previously, mainly due to the higher income and the bullet loan redemption which was recognised in the 2005/2006 financial year as in the 2004/2005 financial year. More information regarding external loans and investments are disclosed in Notes 4 and 11 and Appendix A.

Net capital expenditure for the year amounts to R92,4,6-million which is notably 34,6% higher than the previous financial year (R68,6-million). During the year R43 443 430 was spent from own funds and R12 236 543 from government grants and R36 759 708 from the Nkangala District Municipality. Assets with a carrying value of R5,7-million were disposed of during the year. The actual capital expenditure incurred is 86,43% of the budgeted amount. The deviations on the capital budget are explained in more detail in Appendix F.

In general Council has maintained a strong liquidity profile in the past financial year, with collection levels well above average. The financial position of Council remains healthy and there will be continued to keep this standard.

Acknowledgement

During the year under review my department and I received valuable support and guidance from the Executive Mayor and Members of her Committee, Municipal Manager, the other Managers and Heads of Departments. Their invaluable co-operation is dearly appreciated.

All the officials in my department who provided me with loyal assistance and expressed exceptional competency without which I would not have been able to produce this report.

To all I wish to express my sincere appreciation.



F.J. NAUDÉ (Dipl. IAC; F.I.M.F.O.)
MANAGER : FINANCE

ACCOUNTING POLICY

1. OBJECTIVE

The objective of the annual financial statements is to be a source of information on the financial position, performance and changes in financial status of the Steve Tshwete Local Municipality and demonstrates accountability useful to a wide range of users in making economic or political decisions.

2. BASIS OF PRESENTATION

2.1 The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette No. 28095 of 15 December 2005; and
- General Notice 992 of 2005, issued in Government Gazette No. 28095 of 7 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Change in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

2.2 With the exception of the Town Development Suspense Accounts and Land Trust Fund These accounting policies are consistent with those of the previous financial year.

ACCOUNTING POLICY

2.3 The effect of the change in accounting policy arising from the unbundling of the Town Development Suspense Accounts and Land Trust Fund is set out in Note 36. Comparative amounts have been restated retrospectively to the extent possible.

In addition, the policy is changed in respect of provision for bad debt for sundry debtors.

2.4 The financial statements have been prepared on the historical cost basis.

2.5 Statements are also prepared on the accrual basis of accounting. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

2.6 Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

2.7 The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

3. **PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

4. **GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

5. **HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Proceeds from housing development fund schemes which include rental income and sale of houses are recognised as revenue in the statement of financial performance and a corresponding transfer is made to the Fund.

Expenditure allowed in terms of the Housing Act is expressed in the Statement of Financial Performance and a corresponding transfer is made to the Fund.

6. RESERVES

6.1 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources. All cash received from the Council's coal reserves is being transferred to the CRR account. All surplus cash on the sale of erven are also transferred to the CRR to set aside cash for future property developments. The cash is transferred to a designated CRR account and can only be used to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.3 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

ACCOUNTING POLICY

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit).

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.5 Self-Insurance Reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (related to specific circumstances).

The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception. These surpluses arose from the differences between premiums charged against claims paid and various administrative expenditure incurred.

The Self-Insurance Reserve is maintained to provide for non-claimable losses as well as for motor vehicle claims until aggregated excess payment to the amount of R200 000 per annum is reached.

ACCOUNTING POLICY

The Self-Insurance Reserve for electricity is mainly used for theft of distribution networks and cables, which are uncovered items in terms of the insurance contract of Council.

Insurance premiums are charged out to the respective services and departments in accordance with the insured value of assets.

The balance of the Self-Insurance Reserve is fully cash backed and invested in fixed and negotiable deposits.

7. **PROPERTY, PLANT & EQUIPMENT**

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

Property, plant and equipment is stated at historical cost, less accumulated depreciation. Such assets are financed either by external loans, capital replacement reserve, government grants and subsidies and donations.

Heritage assets which are of culturally significant resources are shown at cost and are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

ACCOUNTING POLICY

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<u>Infrastructure Assets</u>	<u>Years</u>
Roads, pavements, bridges and storm water	10-30
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Water meters	7
Car parks, bus terminals and taxi ranks	20
Electricity reticulation	15-30
Electricity meters	10
Sewerage purification and reticulation	15-20
Housing	30
Street lighting	20-25
Refuse sites	30
 <u>Community Assets</u>	 <u>Years</u>
Parks and gardens	10-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	20-30
Clinics	30
Fire services	30
Cemeteries	30
 <u>Other Assets</u>	 <u>Years</u>
Motor vehicles	4-7
Plant and equipment	2-15
Security measures	3-10
Buildings	30
IT equipment	3-5
Office equipment	3-7
Specialised vehicles	15-20

ACCOUNTING POLICY

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8. FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

Accounts receivable

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

ACCOUNTING POLICY

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognized or impaired through the amortisation process.

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

9. LEASES

Leases are classified as finance leases where substantially all the risk and rewards associated with ownership of an asset are transferred to the municipality.

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

ACCOUNTING POLICY

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

10. INVENTORIES

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

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost method.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction.

Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Water and purified efficient are valued at purified cost insofar as it is stored (controlled) in reservoirs at year end.

11. ACCOUNTS RECEIVABLE

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

12. TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

13. REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariff or charges.

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

Sale of goods

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

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

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

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

ACCOUNTING POLICY

Rates, including collection charges and penalty interest

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

The Steve Tshwete Local Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Service charges

Flat rate service charges and consumption-based service charges shall be recognised when:

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

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

ACCOUNTING POLICY

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Fines

Revenue from the issuing of fines shall be recognised when:

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

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

ACCOUNTING POLICY

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

Levies

Levies shall be recognised as revenue when:

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

Interest, royalties and dividends

Revenue arising from the use of assets by others of the municipal assets yielding interest royalties and dividends shall be recognised when:

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

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties shall be recognised as they are earned in accordance with the substance of the relevant agreement; and

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

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

Revenue from the recovery of unauthorized irregular, fruitless and wasteful expenditure is based on legislated procedures.

14. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

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

15. CONDITIONAL GRANTS AND RECEIPTS

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

16. PROVISION FOR BAD DEBT (accounts receivable)

An annual contribution is made towards a bad debt provision for non-recoverable rates and service fees as well as for sundry debtors.

The balance of the provision of bad debt is reviewed at balance sheet date and adjusted to be equal to all debt outstanding for more than 150 days.

When an under recovery occurs during the year an additional contribution is made from the accumulated surplus at year-end.

Bad debts are written off during the year in which they are identified.

17. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

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

18. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

22. RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

(i) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

ACCOUNTING POLICY

(ii) *Post employment medical care benefits*

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Actuarial gains and losses arising from experience adjustments are debited or credited to Statement of Financial Performance in the period in which it occurs. Valuations of these obligations are carried out annually by independent qualified actuaries.

23. **BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

24. **CONSUMER DEPOSITS**

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

25. **INVESTMENT PROPERTY**

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation, is stated at cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

26. **EVENTS AFTER BALANCE SHEET DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

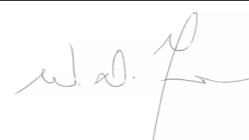
STATEMENT OF FINANCIAL POSITION

as at
30 JUNE 2006

		30-06-2006	30-06-2005
Note		R	R
NET ASSETS & LIABILITIES			
Net Assets		660 996 971	601 044 116
Housing development Fund	1	6 419 539	7 229 645
Capital replacement reserve	2	210 051 408	167 953 022
Capitalisation reserve	2	112 180 739	129 123 472
Government grant reserve	2	48 416 628	39 612 162
Donations and public contribution reserves	2	105 737 628	77 531 341
Self-insurance reserve	2	1 631 765	1 008 535
Accumulated surplus/(deficit)	3	176 559 264	178 585 938
Non-current liabilities		139 504 600	91 355 069
Long-term liabilities	4	113 246 724	91 355 069
Post-retirement benefits	4	26 257 876	
Current liabilities		85 148 434	104 569 731
Consumer deposits	5	15 017 410	13 376 235
Provisions	6	896 780	434 276
Creditors	7	51 764 964	37 822 231
Unspent conditional grants and receipts	8	5 590 513	4 731 886
Current portion of long term liabilities	4	11 878 767	48 205 104
Total Net Assets and Liabilities		885 650 005	796 968 916
ASSETS			
Non-current assets		720 661 360	633 798 728
Property, plant & equipment	10	467 167 461	421 025 005
Investments property	35	45 144 462	42 697 965
Investments	11	202 483 305	156 849 424
Long-term receivables	12	5 866 133	13 226 335
Current assets		164 988 645	163 170 187
Inventory	13	40 165 072	63 936 512
Consumer debtors	14	22 794 778	23 767 139
Other debtors	15	6 600 076	7 089 524
Current portion of long-term receivables	12	29 795 763	5 728 780
Bank balances and cash	16	65 632 956	62 648 232
Total Assets		885 650 005	796 968 916



F.J. NAUDÉ (Dipl. IAC; F.I.M.F.O.)
MANAGER : FINANCE



W.D. FOUCHÉ (B.A.; I.T.C.)
MUNICIPAL MANAGER

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended
30 June 2006

		ACTUAL	
		2006	2005
		R	R
REVENUE			
	Note		
Property rates	17	75 235 438	73 622 475
Service charges:			
Electricity	18	108 269 250	97 385 320
Refuse Removal	18	14 870 058	16 876 419
Sewerage	18	16 797 386	17 099 749
Water	18	26 702 547	24 875 200
Rental of facilities and equipment		2 235 159	2 239 745
Interest earned – external investments	21	18 856 010	15 467 199
Interest earned – outstanding debtors	21	3 155 286	2 593 742
Fines		3 658 474	3 699 497
Licenses and permits		3 129 652	2 495 880
Income for agency services		4 015 425	3 740 977
Government grants and subsidies received – operating	19	31 254 575	23 997 017
Government grants and subsidies received – capital	19	12 576 376	9 405 061
Public contributions, donated and contributed property, plant and equipment	20	36 823 212	16 154 589
Other revenue	22	76 775 873	28 338 624
Gain on disposal of property, plant and equipment		303 141	217 962
Total Revenue		434 657 860	338 209 455
EXPENDITURE			
	Note		
Employee related costs	23	109 035 029	98 553 151
Remuneration of councillors	24	6 013 265	5 650 017
Bad debts		3 090 908	5 997 382
Collection costs		364 513	125 385
Depreciation		44 193 929	39 167 226
Repairs and maintenance		22 556 741	15 879 782
Interest paid	25	23 234 682	21 041 026
Bulk purchases			
Electricity	26	60 724 524	55 367 310
Water	26	2 822 666	2 389 937
Contracted services		8 149 587	6 025 697
Grants and subsidies paid	27	454 672	381 687
General expenses (including abnormal expenses)		68 569 358	38 610 260
Loss on disposal of property, plant and equipment			
Contributions to/(from) provisions	28	2 298 055	2 166 200
Total Expenditure		351 507 930	291 355 060
Surplus/(deficit) for the year		83 149 930	46 854 395
Appropriations for the year			
NET SURPLUS/(DEFICIT) FOR THE YEAR	30	83 149 930	46 854 395

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2006

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donation & Public Contribution Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
2005									
Correction of error (note 32)								1 072 090	1 072 090
Changes in accounting policy									
Restated balance	5 116 044	174 880 717	124 736 380		99 595 472	1 673 950		46 759 808	452 762 372
Net surplus for the year								46 854 395	48 854 395
Appropriations								20 270 448	20 270 448
Other income/expenditure	153 705	20 857 650				(777 215)		(20 234 140)	
Transfer to CRR		26 440 129						(26 440 129)	
Property, plant & equipment purchased		(12 569 290)						12 569 290	
Capital grants used to purchase PPE				32 014 441	(32 014 411)				
Donated/contributed PPE				9 836 818	15 965 186			(25 802 004)	
Contribution to insurance reserve						111 800		(111 800)	
Insurance claims processed								55 537	
Transfer to Housing Development Fund	(55 537)							258 826	
Asset disposals			(79 758)					23 384 599	
Offsetting of depreciation			(15 129 094)	(2 419 667)	(5 835 838)				
Balance at 30 June 2005	5 214 212	209 609 206	109 527 528	39 431 562	77 531 341	1 008 535		77 564 830	519 887 215
2006									
Changes in accounting policy (note 36)	2 015 433	(41 656 184)	19 595 944						(20 044 807)
Correction of error (note 29)								488 589	488 589
Correction of error (note 29)				180 600				(180 600)	
Changes in accounting policy (note 36)								(2 005 710)	(2 005 710)
Changes in accounting policy (note 36)								42 697 965	42 697 965
Changes in accounting policy (note 36)								60 020 865	60 020 865
Restated balance	7 229 645	167 953 022	129 123 472	39 612 162	77 531 341	1 008 535		178 585 938	601 044 116
Net surplus for the year								83 149 930	83 149 930
Appropriations	(687 465)	2 760 449						545 198	2 618 182
Other income/expenditure	(142 030)					837 598		(26 115 845)	(25 420 278)
Transfer to CRR		54 141 052						(54 141 052)	
Property, plant and equipment purchased		(14 803 115)						14 803 115	
Capital grants used to purchase PPE				12 541 628				(12 541 628)	
Donated/contributed PPE					36 759 708			(36 759 708)	
Contributions to insurance reserve						200 000		(200 000)	
Insurance claims processed						(414 368)			(414 368)
Transfer to Housing Development Fund	19 389								19 389
Asset disposals			(139 494)	(505 677)	(1 624 991)			2 270 162	
Offsetting of depreciation			(16 803 239)	(3 231 485)	(6 928 430)			26 963 154	
Balance at 30 June 2006	6 419 539	210 051 408	180 739	48 416 628	105 737 628	1 631 765		176 559 264	660 996 971

CASH FLOW STATEMENT

for the year ended

30 JUNE 2006

		2006	2005
	Note	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from ratepayers, government and others		410 710 884	342 153 584
Cash paid to suppliers and employees		(247 327 459)	(241 260 600)
Cash generated from / (utilised in) operations	30	163 383 425	100 892 984
Interest received		22 011 296	18 060 940
Interest paid		(23 234 682)	(21 041 026)
Net cash from operating activities		162 160 039	97 912 898
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment		(86 955 777)	(68 750 060)
Proceeds on disposal of property, plant and equipment		303 141	217 962
(Increase)/decrease in non-current loans		(16 706 781)	2 690 813
(Increase)/decrease in investments		(45 633 880)	(18 473 476)
Net cash from investment activities		(148 993 297)	(84 314 761)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in long term loans		(11 823 194)	21 792 506
Increase/(decrease) in deposits		1 641 175	1 542 679
Net cash from financing activities		(10 182 019)	23 335 185
Increase/(decrease) in cash and cash equivalents	31	2 984 723	36 933 322
Cash and cash equivalents at beginning of the year		62 648 232	25 714 909
Cash and cash equivalents at end of the year		65 632 956	62 648 232

NOTES
to the Statement of Financial Position
as at 30 June 2006

	30 June 2006	30 June 2005
	R	R
1. HOUSING DEVELOPMENT FUND	6 419 539	7 229 645
Balance at beginning of the year	7 229 645	5 116 044
Change in accounting policy		2 015 433
Contributions	19 389	21 643
Income	491 001	200 906
Operating expenditure	(1 320 496)	(124 381)
2. NET ASSETS	478 018 168	437 108 172
CAPITAL REPLACEMENT RESERVE	210 051 408	167 953 021
Capital Replacement Reserve	73 346 797	52 343 013
Balance at beginning of the year	52 343 013	33 424 897
Contributions	33 046 450	
Income	2 760 450	31 487 407
Property, plant & equipment	(14 803 115)	(12 569 290)
CRR : Land Trust Fund	76 784 997	76 500 612
Balance at beginning of the year	76 500 612	71 876 028
Correction of error		
Contributions	284 385	4 624 584
Operating expenditure		
CRR : Property Development	59 919 614	39 109 396
Balance at beginning of the year	39 109 396	69 579 792
Change in accounting policy		(41 656 185)
Contributions	20 810 218	11 185 789
Operating expenditure		
Capitalisation Reserve	112 180 739	129 123 472
Balance at beginning of the year	129 123 472	124 736 380
Change in accounting policy		19 595 944
Property, plant & equipment purchased		
Offsetting of depreciation	(16 803 250)	(15 129 094)
Disposal	(139 483)	(79 758)

	30 June 2006	30 June 2005
	R	R
Government Grants Reserve (utilised)	48 416 628	39 431 562
Balance at beginning of the year	39 612 162	180 600
Correction of error		9 836 818
Donated/contributed PPE	12 541 628	(2 419 667)
Offsetting of depreciation	(3 231 485)	
Disposal	(505 677)	
Capital grants used for PPE		32 014 411
Donations and Public Contribution Reserve (utilised)	105 737 628	77 531 341
Balance at beginning of the year	77 531 341	99 595 472
Donated/contributed PPE		15 965 186
Offsetting of depreciation	(6 928 430)	(5 835 838)
Capital grants used for PPE	36 759 708	(32 014 411)
Disposals	(1 624 991)	(179 068)
SELF INSURANCE RESERVE	1 631 765	1 008 535
Insurance Reserve Electricity	1 005 016	794 976
Balance at beginning of the year	794 976	1 466 235
Contributions	200 000	111 800
Other income	65 775	
Insurance claims processed	(55 735)	(783 060)
Insurance Reserve General	626 749	213 560
Balance at beginning of the year	213 560	207 715
Other income	771 821	1 044 459
Insurance claims processed	(358 632)	(1 038 614)

3. ACCUMULATED SURPLUS/(DEFICIT)

Accumulated surplus: beginning of year	178 585 938	46 759 808
Operating surplus/(deficit) for the year	83 149 930	46 854 395
Changes in net assets	(85 176 604)	(16 049 373)
Change in accounting policy / error		101 021 108
Accumulated surplus: end of year	176 559 264	178 585 938

Refer to note 29 and 36 for more detail.

	30 June 2006	30 June 2005
	R	R
4. NON-CURRENT LIABILITIES		
Long term liabilities		
Local registered stock loans	125 125 492	15 220 000
Annuity loans		103 340 173
Capitalised lease liability		21 000 000
Sub-Total	125 125 492	139 560 173
Less: Current portion transferred to current liabilities	(11 878 767)	(48 205 104)
Local registered stock loans	(11 878 767)	(15 220 000)
Annuity loans		(11 985 104)
Capitalised lease liability		(21 000 000)
Total External Loans	113 246 725	91 355 069

Refer to Appendix A for more detail on long term liabilities.

R10 483 305 (2005: R9 354 132) has been invested specifically as security for the repayment of long term liabilities.

See note 11 for more detail.

Post-employment benefits

Medical care benefits	26 257 876	
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The estimated liability of post employment medical care is R131 289 876. The municipality has taken advantage of transitional liability according to IAS 19 (AC 116) where only one fifth of this amount is recognised. The amount remaining is R105 032 000 and will be phased in over the next four (4) years. An amount of R9,4-million was contributed by Council and these contributions have been expensed.

5. CONSUMER DEPOSITS

Electricity	10 208 720	9 382 467
Water	2 847 264	2 418 379
Other	1 961 427	1 575 389
Total consumer deposits	15 017 410	13 376 235
No interest is paid on deposits.		
Guarantees held in lieu of electricity and water deposits	3 826 670	3 627 933

	30 June 2006	30 June 2005
	R	R
6. PROVISIONS		
Performance Bonus		
Balance at beginning of year	434 276	407 771
Contribution to provision	462 504	368 476
Expenditure incurred		(341 971)
Balance at end of year	896 780	434 276
Total provisions	896 780	434 276

Performance bonuses are paid one year in arrears. The assessment of eligible employees had not taken place at the reporting date. The provision is an estimate of the amount according to the performance agreements at the reporting date.

7. CREDITORS		
Trade Creditors	25 606 080	16 981 947
Amounts received in advance:		
Consumer debtors	6 915 832	3 844 047
Sundry debtors	29 068	246 815
Other	2 377 656	2 430 299
VAT	2 397 347	2 694 536
RDP development	3 111 264	2 885 458
Government grants & subsidies	361 017	
Staff leave	4 520 978	4 530 141
Retention money	2 084 153	1 641 183
Community facilities	4 361 569	2 567 805
Total creditors	51 764 964	37 822 231

8. CONDITIONAL GRANTS FROM GOVERNMENT		
Finance management grant	2 794 533	2 824 138
Municipal systems improvement grant	843 180	
Municipal support grant	62 811	236 347
VUNA awards	7 500 000	1 000 000
Local government transitional grant	632 641	632 641
Municipal infrastructure grant	269 271	20 998
Integrated national electricity programme	238 077	
Local economic development		17 761
Total conditional grants and receipts	5 590 513	4 731 886

See note 19 for reconciliation of grants. These amounts are invested until utilised.

30 June 2006

R

30 June 2005

R

9. CONTINGENT LIABILITIES & CONTRACTUAL OBLIGATIONS

Disclosure in terms of the MFMA, 2003, Section 125(2)(c).

10. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings	Infrastructure	Community Assets	Other Assets	Housing Development Fund	Total
	R	R		R	R	R
Reconciliation of Carrying Value						
Carrying values at 1 July 2005	45 108 701	311 761 438	21 335 898	42 218 460	600 509	421 025 005
Cost	58 571 396	528 021 165	30 237 322	103 712 240	1 312 550	721 854 673
Accumulated depreciation – cost	(13 462 695)	(216 259 727)	(8 901 424)	(61 493 780)	(712 041)	(300 829 667)
Acquisitions	1 325 474	61 637 465	1 414 696	14 713 662		79 091 297
Capital under construction		13 083 627	564 757			13 648 384
Depreciation – based on cost	(1 861 488)	(30 532 777)	(1 026 818)	(10 746 744)	(26 103)	(44 193 929)
Carrying value of disposals	(2 204 770)	(30 277)	(11)	(168 238)		(2 403 296)
Cost	(2 509 062)	(121 884)	(14 709)	(3 138 249)		(5 783 903)
Accumulated depreciation	304 292	91 607	14 698	2 970 011		3 380 607
Other movements	1 201 964	250 987	(912 663)	(540 289)		
Carrying values at 30 June 2006	43 569 881	356 170 462	21 375 859	45 476 851	574 406	467 167 460
Cost	60 150 823	601 507 703	30 608 452	115 230 923	1 312 550	808 810 450
Accumulated depreciation – cost	(16 580 941)	(245 337 240)	(9 232 593)	(69 754 072)	(738 144)	(341 642 991)
Reconciliation of Carrying Value						
Carrying values at 1 July 2005	36 171 140	272 271 518	21 317 938	41 024 738	626 611	371 411 945
Cost	47 937 157	427 858 960	29 147 258	91 408 083	1 312 550	597 664 008
Accumulated depreciation – cost	(11 766 017)	(155 587 442)	(7 829 320)	(50 383 345)	(685 939)	(226 252 063)
Acquisitions	9 383 552	63 947 870	3 309 985	11 623 573		88 264 980
Capital under construction	35 350	403 471		76 488		515 309
Depreciation – based on cost	(1 696 679)	(24 967 111)	(1 039 248)	(11 438 087)	(26 102)	(39 167 227)
Carrying value of disposals						
Cost				(327 651)		(327 651)
Accumulated depreciation				(327 651)		327 651
Other movements	1 215 337	105 691	(2 252 777)	931 747		(2)
Carrying values at 30 June 2006	45 108 701	311 761 438	21 335 898	42 218 459	600 509	421 025 005
Cost	58 571 396	528 021 165	30 237 322	103 712 240	1 312 550	721 854 673
Accumulated depreciation – cost	(13 462 695)	(216 259 727)	(8 901 424)	(61 493 780)	(712 041)	(300 829 667)

Refer to Appendices B and C for more detail.

The municipality has taken advantage of the transitional provisions set out in GAMAP 17. The municipality is in the process of itemizing all infrastructural and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. Furthermore the municipality has not assessed whether items of property, plant and equipment are impaired.

	30 June 2006	30 June 2005
	R	R
11. INVESTMENTS (Unlisted)		
FINANCIAL INSTRUMENTS		
Short Term Fixed Deposits	192 000 000	127 899 614
ABSA Bank	36 000 000	20 000 000
First National Bank	18 000 000	15 000 000
Investec Bank	42 000 000	35 000 000
Nedbank	51 000 000	15 000 000
Nedbank Capital		17 899 614
Standard Bank	45 000 000	25 000 000
Long Term Fixed Deposits	10 483 305	28 949 811
Standard Bank		19 595 679
Nedbank Capital		
ABSA Bank	10 483 305	9 354 132
Total Investments	202 483 305	156 849 425
Average rate of return	7,83%	8,45 %
Council's valuation of investments	202 483 305	156 849 425

No investments have been written off during the year.

The long term investments (including Nedbank Capital) matured during the year to redeem the following external loans:

- Standard Merchant Bank (Sale and Leaseback)
- Inca (Local Government Stock)

The Absa zero bond serves as security for the Absa Annuity Loan.

Refer to Appendix A for more detail on external loans.

Disclosure in terms of the MFMA, 2003, Section 125(2)(b).

12. LONG TERM RECEIVABLES		
Motor car loans	1 032 613	2 454 768
Housing selling scheme loans	227 352	999 311
Sale of erven loans	34 075 223	14 012 453
Country Club loan	24 307	31 985
Inyanda loan	288 760	1 359 109
Engineering service loans	13 640	97 489
Sub-total	35 661 896	18 955 115
Less: current portion transferred to current receivables	29 795 763	5 728 780
Motor car loans	533 818	1 042 949
Housing selling scheme loans	28 134	139 813
Sale of erven loans	28 926 344	3 505 319
Country Club loan	7 678	7 678
Inyanda loan	288 760	946 614
Engineering service loans	11 029	86 407
Total long term receivables	5 866 133	13 226 335

Motor car loans

Senior personnel were previously entitled to car loans which attract interest at 8,5% per annum and which are repayable over a maximum period of five (5) years. In terms of the MFMA no new loans are granted and the existing loans will be repaid by the year 2009.

Engineering services loans

Off-payment arrangements are made for service connections to the reticulation system. These loans attract interest at prime rate per annum and are repayable over a maximum period of one (1) year.

Housing selling scheme loans

Housing loans were granted under old housing schemes to qualifying individuals in terms of the Housing Act. These loans attract differentiated interest rates and are repayable over twenty (20) years. No new loans are granted and existing loans will continue until repaid.

Sale of erven

Loans were given at a low interest rate of 7,5% per annum repayable over four (4) years to encourage development through the sale of vacant erven. In terms of the MFMA no new loans are granted.

	30 June 2006	30 June 2005
	R	R
13. INVENTORY		
Consumable stock	4 175 441	3 915 647
Unsold properties	35 933 421	60 020 865
Water at cost	56 210	
Total	40 165 072	63 936 512
Stock shortages written off during the year	320 166	177 463

With the annual stocktaking on 30 June 2006 stock shortages to the value of R320 166 stock surpluses to the value of R127 692 realised.

See note 36 for change in accounting policy.

14. CONSUMER DEBTORS

	Gross Balance	Provision for Bad Debt	Net Balance
	R	R	R
30 June 2006			
Service debtors:	30 688 719	10 750 474	19 938 245
Property rates	12 924 941	6 227 039	6 697 902
Electricity	9 228 239	1 253 608	7 974 631
Water	4 148 045	1 761 477	2 386 568
Sewerage	2 759 924	1 052 726	1 707 198
Refuse	1 627 570	455 624	1 171 946
Estates	687 414		687 414
Other	5 302 323	3 133 204	2 169 119
Total	36 678 456	13 883 678	22 794 778
Contribution to bad debt provision			3 090 908

Debt written off for the year

	11 376 930
Property rates	2 638 595
Electricity	112 731
Water	811 889
Sewerage	988 692
Refuse	1 120 269
Other	5 704 754

Gross Balance	Provision for Bad Debt	Net Balance
R	R	R

30 June 2005

	44 431 760	21 204 252	23 227 508
Service debtors:			
Property rates	20 852 503	12 417 550	8 434 954
Electricity	9 200 422	1 692 460	7 507 961
Water	6 010 572	2 735 330	3 275 243
Sewerage	4 479 897	2 336 126	2 143 771
Refuse	3 888 366	2 022 786	1 865 580
Estates	1 505 078	965 448	539 630
Total	45 936 838	22 169 700	23 767 139

Contribution to bad debt provision

5 997 382

Debt written off for the year

8 644 028

Property rates	1 628 950
Electricity	50 214
Water	769 988
Sewerage	1 017 695
Refuse	1 026 060
Other	4 151 121

30 June 2006**30 June 2005**

R

R

AGEING OF CONSUMER DEBTORS

Property Rates

Current (0-30 days)	4 986 510	6 122 396
31-60 days	703 517	813 828
61-90 days	624 020	748 414
91-120 days	368 106	750 316
121-150 days	284 450	12 417 550
151+ days	5 958 338	

Sub-total**12 924 941****20 852 504**

Services

Current (0-30 days)	11 024 859	12 360 602
31-60 days	987 251	1 036 131
61-90 days	720 085	699 500
91-120 days	392 097	696 272
121-150 days	311 242	8 786 702
151+ days	4 328 246	

Sub-total**17 763 778****23 579 207**

	30 June 2006	30 June 2005
	R	R
Estates		
Current (0-30 days)		
31-60 days	142 443	309 547
61-90 days	63 123	87 507
91-120 days	88 282	142 576
121-150 days	393 567	965 448
151+ days		
Sub-total	687 414	1 505 078
Other		
Current (0-30 days)	1 666 336	
31-60 days	212 477	
61-90 days	194 654	
91-120 days	127 847	
121-150 days	103 005	
151+ days	2 998 004	
Sub-total	5 302 323	
Total consumer debtors	36 678 456	45 936 789
Made up as follows:		
Current (0-30 days)	17 677 704	18 482 998
31-60 days	2 045 688	2 159 506
61-90 days	1 601 881	1 535 420
91-120 days	976 331	1 589 165
121-150 days	1 092 264	22 169 700
151+ days	13 284 587	
Total	36 678 456	45 936 789

15. **OTHER DEBTORS**

Other debtors	3 135 764	3 526 419
Government capital grants	174 208	786 400
Sundry debtors	4 207 352	5 337 317
Deposits	12 250	12 250
Other public donations	23 419	
Insurance	908 579	432 848
Provision for other debt	(1 861 496)	(2 005 710)
Total Other Debtors	6 600 076	7 089 524
Debt written off for the year	144 214	157 216

See note 36 for change in accounting policy.

See note 29 for correction of error.

	30 June 2006	30 June 2005
	R	R
16. BANK CASH AND OVERDRAFT BALANCES		
The municipality has the following bank accounts:		
Absa Bank : Nelspruit		
Account number : 1040 000 077		
Type : cheque account		
Current account (primary bank account)		
Bank statement balance at beginning of year	75 372 450	32 944 696
Bank statement balance at end of year	71 907 389	75 372 450
Cash book balance at beginning of year	62 627 446	25 694 754
Increase/(decrease) in cash book balance	2 973 454	36 932 692
Cash book balance at end of year	65 600 900	62 627 446
Petty cash		
Balance at beginning of year	20 785	20 155
Increase/(decrease) of petty cash	11 270	630
Balance at end of year	32 055	20 785
Total cash resources	65 632 956	62 648 232

Disclosure in terms of the MFMA, 2003, Section 125(2)(a).

17. PROPERTY RATES

	Site Valuations	Revenue 2005/2006	Revenue 2004/2005
	R	R	R
Middelburg			
Residential	347 172 834	62 339 220	54 820 424
Pensioners	8 026 500	1 434 756	2 574 045
Commercial	172 179 606	30 522 418	29 775 964
Exempted	20 368 100	2 601 959	2 799 387
Total	547 747 040	96 898 354	89 969 820
Government			
Middelburg	26 901 095	5 081 079	4 693 703
Hendrina	352 444	124 765	115 250
Pullenshope	18 750	11 115	
Total	27 253 539	5 216 959	4 808 953

Site Valuations	Revenue 2005/2006	Revenue 2004/2005
R	R	R

Hendrina

Residential	13 045 822	4 587 361	4 013 088
Pensioners	264 900	118 598	332 328
Commercial	1 809 452	635 220	571 983
Exempted	118 400	45 265	34 460
Total	15 238 574	5 386 443	4 951 859

Blinkpan

Residential	1 588 150	296 629	
Commercial	99 300	18 756	
Total	1 687 450	315 385	

Komati

Residential	670 828	673 443	634 632
Pensioners	26 860	30 758	17 898
Commercial	152 596	152 352	138 884
Total	850 284	856 553	791 414

Rietkuil

Residential	1 682 416	715 044	661 059
Pensioners	14 580	5 840	4 847
Commercial	551 786	234 399	216 521
Total	2 248 782	955 283	882 427

Pullenshope

Residential	1 612 020	959 267	896 129
Pensioners	42 590	22 611	11 980
Commercial	470 372	277 637	255 488
Total	2 124 982	1 259 515	1 163 597

Presidentsrus

Residential	2 066 580	27 770	33 790
Commercial	324 250	3 909	5 566
Total	2 390 830	31 679	39 356

	30 June 2006	30 June 2005
	R	R
18. SERVICE CHARGES		
Sale of electricity	108 269 250	97 385 320
Sale of water	26 702 547	24 875 200
Refuse removal	14 870 058	16 876 419
Sewerage and sanitation charges	16 797 386	17 099 749
Total service charges	166 639 241	156 236 688

19. GOVERNMENT SUBSIDIES & GRANTS

Operating Grants	31 196 155	23 997 017
Equitable share	25 752 531	16 365 063
Provincial health subsidies	4 345 160	4 895 745
Finance management grant (FMG)	766 348	1 520 993
Local government transition grant (LGTF)		346 769
Local government capacity building grant	173 535	563 653
Provincial local economic projects (LED)	17 761	304 794
Municipal systems improvement grant (MSIG)	140 820	
Capital Grants	12 634 795	9 405 061
Finance management grant (FMG)	263 258	
Department of provincial and local government (DPLG)	300 000	
Municipal infrastructural grant (MIG)	9 883 214	8 614 963
Integrated national electrification grant (INEP)	2 188 323	790 098
Total Government Grants & Subsidies	43 830 950	33 402 078

Equitable Share

This grant is an unconditionally grant and is partially utilised for the provision of indigent support through free basic services. Registered indigents receive a rebate of 100% on discounted assessment rates and a monthly subsidy of R108 (2005: R72) on the cost of other services which are funded from this grant.

	30 June 2006	30 June 2005
	R	R
Provincial Health Subsidy		
Current year receipts	4 345 160	4 895 745
Conditions met – transferred to revenue	<u>(4 345 160)</u>	<u>(4 895 745)</u>
Unspent amount transferred to liabilities	<u><u> </u></u>	<u><u> </u></u>
(see note 8)		

The municipality renders health services on behalf of the provincial government and is refunded approximately 51,7% of total expenditure incurred. This grant has been used exclusively to fund clinical services. The conditions of this grant have been met and there was no delay or withholding of the subsidy.

Finance Management Grant		
Balance unspent at beginning of year	2 824 138	3 345 131
Current year receipts	1 000 000	1 000 000
Conditions met – transferred to revenue	<u>(1 029 606)</u>	<u>(1 520 993)</u>
Unspent amount transferred to liabilities	<u><u>2 794</u></u>	<u><u>2 824 138</u></u>
	<u><u>532</u></u>	
(see note 8)		

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Local Government Transition Grant (LGTF)		
Balance unspent at beginning of year	632 641	979 410
Current year receipts		
Other expenditure		
Conditions met – transferred to revenue	<u> </u>	<u>(346 769)</u>
Unspent amount transferred to liabilities	<u><u>632 641</u></u>	<u><u>632 641</u></u>
(see note 8)		

This grant was used to implement new systems as provided in the Municipal Systems Act, 2000. Other than the unspent amount, the conditions of the grant were met.

Local Government Capacity Building Grant		
Balance unspent at beginning of year	236 347	
Current year receipts		800 000
Conditions met – transferred to revenue	<u>(173 535)</u>	<u>(563 653)</u>
Unspent amount transferred to liabilities	<u><u>62 812</u></u>	<u><u>236 347</u></u>
(see note 8)		

This grant was used to build in-house capacity to perform their functions and improve governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

	30 June 2006	30 June 2005
	R	R
<i>Municipal Systems Improvement Grant</i>		
Balance unspent at beginning of year	250 000	
Current year receipts	734 000	250 000
Conditions met – transferred to revenue	<u>(140 820)</u>	
Unspent amount transferred to liabilities	<u>843 180</u>	<u>250 000</u>

(see note 8)

This grant was used to build in-house capacity to perform their functions and stabilise institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Local Economic Development

Balance unspent at beginning of year	17 761	322 556
Current year receipts		
Conditions met – transferred to revenue	<u>(17 761)</u>	<u>(304 794)</u>
Unspent amount transferred to liabilities		<u>17 761</u>

(see note 8)

Provincial LED projects grants are used for the planning and implementation of job creation and poverty alleviation projects.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	20 998	
Current year receipts	9 957 278	8 455 361
Conditions met – transferred to revenue	<u>(9 883 214)</u>	<u>(8 614 963)</u>
Spent amount – transferred to debtors	<u>174 209</u>	<u>180 600</u>
Unspent amount transferred to liabilities	<u>269 271</u>	<u>20 998</u>

(see note 8)

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year		790 098
Current year receipts	2 354 400	
Conditions met – transferred to revenue	<u>(2 116 323)</u>	<u>(790 098)</u>
Unspent amount transferred to liabilities	<u>238 077</u>	

(see note 8)

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.

	30 June 2006	30 June 2005
	R	R
Vuna Awards 2003		
Balance unspent at beginning of year	750 000	750 000
Current year receipts		
Conditions met – transferred to revenue		
Unspent amount transferred to liabilities	750 000	750 000
(see note 8)		

This grant is observed as a contribution to the construction of a Multi-Purpose Community Centre.

Department of Provincial and Local Government (DPLG)

Balance unspent at beginning of year		
Current year receipts	300 000	
Conditions met – transferred to revenue	(300 000)	
Unspent amount transferred to liabilities		
(see note 8)		

This grant was used to erect a mini water purification/package plant to provide water in the rural area. The conditions of the grant were met and no funds have been withheld.

20. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT

Nkangala District Municipality	36 759 708	15 965 186
Other grants	63 504	189 403
Total donated property, plant & equipment	36 823 212	16 154 589

21. INTEREST EARNED

EXTERNAL INVESTMENTS	18 856 010	15 467 199
Current account	4 794 999	3 578 671
External investments	14 061 011	11 888 528

	30 June 2006	30 June 2005
	R	R
OUTSTANDING DEBTORS	3 155 286	2 593 742
Sundry loans	15 572	290 203
Sundry debtors	104 314	664 622
Sale of erven	1 188 819	
Services:	891 777	787 297
Electricity	304 543	187 750
Sewerage	186 375	200 279
Refuse Removal	101 911	168 626
Water	298 948	230 641
Property rates	954 804	851 620
Total interest earned	22 011 296	18 060 940

In terms of Council's accounting policy interest earned on external investments are allocated to the Capital Replacement Reserve.

22. OTHER REVENUE

Building plan fees	913 419	574 857
Connection fees	3 910 850	3 443 610
Entrance fees	156 313	173 313
Internal fees	6 741 318	6 713 748
Community service fees	720 321	988 712
Sale of coal (coal rights)	16 740 611	13 956 383
Refund skills development	751 513	541 887
Festival fees	86 600	100 900
Sundry income	1 423 653	1 845 215
Dumping site fees	465 678	
Admin fees	1 386 596	
Sale of erven	41 786 745	
Main services contributions	1 692 255	
Total	76 775 873	28 338 624

23. EMPLOYEE RELATED COSTS

Salaries and wages	87 264 217	79 058 628
Social contributions:	23 399 726	21 235 163
Pension deductions	14 527 408	13 195 199
Medical aid funds	4 691 816	4 024 730
Group insurance	697 337	595 326
Housing subsidy	1 554 283	1 690 065
Unemployment Insurance Fund	781 843	685 384
Workmen's compensation	1 147 039	1 044 459
Less: employee cost capitalized	(937 404)	(1 086 190)
Less: employee cost to operating	(691 510)	(654 450)
Total employee related cost	109 035 029	98 553 151

	30 June 2006	30 June 2005
	R	R
Remuneration of Managers		
Municipal Manager	700 764	732 134
Annual remuneration	700 764	657 994
Performance bonus		74 140
Manager : Finance	595 649	638 067
Annual remuneration	595 649	559 294
Performance bonus		78 773
Manager : Corporate Services	595 649	622 312
Annual remuneration	595 649	559 294
Performance bonus		63 018
Manager : Public Services	595 649	622 312
Annual remuneration	595 649	559 294
Performance bonus		63 018
Manager : Technical & Facilities	595 649	622 312
Annual remuneration	595 649	559 294
Performance bonus		63 018
Total	3 083 360	3 237 137

During the year no performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act

Disclosure in terms of the MFMA, 2003, Section 124(1)(c).

24. REMUNERATION OF COUNCILLORS

Executive Mayor	233 259	220 576
Speaker	186 608	176 461
Mayoral Committee members	1 049 670	992 598
Chief Whip	72 894	
Councillors	2 116 226	2 053 902
Pension fund	528 900	491 836
Medical aid	201 117	211 574
Housing subsidy	318 406	289 352
Travelling allowances	889 499	832 367
Cellphone allowances	379 186	346 753
UIF	37 500	34 598
Total councillor's remuneration	6 013 265	5 650 017

The Executive Mayor, Speaker and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council.

The Executive Mayor has use of a Council owned vehicle and driver for official duties.

The Executive Mayor has a personal assistant to assist her in her duties.

Disclosure in terms of the MFMA, 2003, Section 124(1)(a)

**CERTIFICATION
BY THE MUNICIPAL MANAGER
ON COUNCILLORS' REMUNERATION**

I, **WILHELM DIEDERICK FOUCHÉ**, municipal manager, certify that the remuneration of councillors are in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination of the upper limits of the salaries, allowances and benefits as published in government gazette 28231, dated 14 November 2005.



**W.D. FOUCHÉ
MUNICIPAL MANAGER**

	30 June 2006	30 June 2005
	R	R
25. INTEREST PAID		
Local government stock	2 496 080	2 496 080
Annuity loan	15 057 807	13 426 963
Lease liability	5 440 795	5 117 981
External loan cost	240 000	
Total	23 234 682	21 041 024
26. BULK PURCHASES		
Electricity	60 724 524	55 367 310
Water	2 822 666	2 389 937
Total	63 547 190	57 757 247
Electricity losses	13,33%	9,36%
Water losses	19,33%	20,65%

	30 June 2006	30 June 2005
	R	R
27. GRANT AND SUBSIDIES PAID		
Middelburg Tourist Information	85 000	80 000
Middelburg Country Club	7 678	7 678
Assessment rates: Various organisations	138 032	127 509
Recreation Club	6 000	5 000
Animal care : SPCA	125 000	120 000
Columbus Marathon	15 000	15 000
Welfare organisation	21 000	2 000
Arts & culture organisation	21 000	20 000
Elderly organisation	21 000	4 500
Local Economic Development	14 961	
Total	454 672	381 687

Disclosure in terms of the MFMA, 2003, Section 123(l)(b).

28. CONTRIBUTIONS TO/(FROM) PROVISIONS & RESERVES		
Staff leave	2 298 055	2 166 200
Housing Development Fund		
Asset Financing Reserve		
Total contributions to provisions	2 298 055	2 166 200
Contributions to/(from) Reserves		
Self-Insurance Reserve		

Staff leave is an accrual and the full staff leave obligation at year end has been raised as a current liability regardless how the obligation will be settled at a future date. See note 7.

29. CORRECTION OF ERROR

During the year ended 30 June 2005 dumping site levies were not recognised as revenue.

The comparative amount has been restated as follows:

Correction of income	488 589
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During the year ended 30 June 2005, asset number Y0923 was recognised as work in progress from a MIG grant. No depreciation reserve was created.

The comparative amount has been restated as follows:

Correction of Government Grant Reserve	(180 600)
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Net effect on surplus/(deficit) for the year	307 989
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	30 June 2006	30 June 2005
	R	R
30. CASH GENERATED BY OPERATIONS		
Net surplus for the year	83 149 930	46 854 395
Adjustment for:		
Depreciation charges	44 193 929	38 839 573
Gain on disposal of property, plant and equipment	(303 141)	(217 962)
Contributions to provisions		
Contributions to bad debt	(3 090 908)	(2 803 861)
Contribution to Insurance Reserve		
Interest received	(22 011 296)	(18 060 940)
Interest paid	23 234 685	21 041 026
Non-operating income	(26 611 615)	22 507 797
Non-operating expenditure	24 324 728	(6 627 238)
Operating surplus before working capital changes	122 886 312	101 532 790
(Increase)/decrease in inventories	23 771 440	(991 308)
(Increase)/decrease in debtors	972 361	684 740
(Increase)/decrease in other debtors	489 448	1 834 355
Increase/(decrease) in creditors	15 263 864	(2 167 593)
Increase/(decrease) in contingent liabilities		
Cash generated by operations	163 383 425	100 892 984
31. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	62 648 232	25 714 909
Balance at the beginning of the year	65 632 955	62 648 232
Net increase/(decrease) in cash and cash equivalents	2 984 723	36 933 323
32. UTILISATION OF LONG TERM LIABILITIES RECONCILIATION		
Long term liabilities (see note 4)	(125 125 491)	(139 560 174)
Used to finance property, plant and equipment at cost	121 901 258	137 082 631
Sub-Total	(3 224 234)	(2 477 543)
Cash set aside for the repayment of long term liabilities (see note 11)	10 483 305	46 849 425
Cash set aside for the acquiring of property, plant & equipment	3 224 234	2 477 543
Cash invested for the repayment of long term liabilities	10 483 305	46 849 425

	30 June 2006	30 June 2005
	R	R
33. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	14 965 997	2 468 512
Land and buildings		
Infrastructure	9 688 376	230 000
Community assets	5 277 621	
Other assets		438 512
Specialised vehicles		1 800 000
Approved but not yet contracted for	11 662 300	4 376 693
Land and buildings	50 000	314 650
Infrastructure	7 073 392	725 243
Community assets	2 737 408	3 305 000
Other assets	1 801 500	31 800
Specialised vehicles		
Total	26 628 297	6 845 205
This expenditure will be financed from		
External loans	8 665 741	2 629 893
Capital replacement reserve	14 550 413	4 215 312
Government grants	3 412 143	
Total	26 628 297	6 845 205

34. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Section 125(1)(b)

Contribution to SALGA

Opening balance

Council membership fees payable 458 943 503 227

Amount paid current year (458 943) (503 227)

Amount paid previous

Balance unpaid (included in creditors)

MFMA 125(1)(b) to (c)

	30 June 2006	30 June 2005
	R	R
Audit Fees		
Opening balance		
Council membership fees payable	541 216	308 227
Amount paid current year	(541 216)	(308 227)
Amount paid previous		
Balance unpaid (included in creditors)		
VAT		
Output Tax		
Opening balance	(2 694 535)	(2 495 731)
Closing balance	(2 397 347)	(2 694 535)
Input Tax		
Opening balance		826 949
Amount received from SARS		(826 949)
Amount payable to SARS	13 279 178	11 818 906
Amount paid current year	(13 279 178)	(11 818 906)
Amount refundable		
Balance outstanding (to)/from SARS		
<p>VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output receivable are shown in notes 14 and 7 respectively. All VAT returns have been submitted by the due date throughout the year.</p>		
Pay as You Earn (PAYE)		
Opening balance		
Current payroll deductions	12 058 146	11 687 267
Amount paid current year	(12 058 146)	(11 687 267)
Balance unpaid		
Unemployment Insurance Fund (UIF)		
Opening balance		
Current payroll deductions	1 646 041	1 453 673
Amount paid current year	(1 646 041)	(1 453 673)
Balance unpaid		

	30 June 2006	30 June 2005
	R	R
Medical Aid		
Opening balance		
Current payroll deductions	8 252 065	6 741 720
Amount paid current year	(8 252 065)	(6 741 720)
Balance unpaid	<u><u> </u></u>	<u><u> </u></u>
Pension Fund		
Opening balance		
Current payroll deductions	20 167 306	19 428 199
Amount paid current year	(20 167 306)	(19 428 199)
Balance unpaid	<u><u> </u></u>	<u><u> </u></u>

▪ **Disclosure concerning councillors**

Section 124(1)(b)

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2006:

	Total 30 June 2006	Outstanding less than 90 days	Outstanding more than 90 days	30 June 2005
Councillor Nkamba TG Account 86-5739-7-X	507	275	232	
Councillor Jooma MS Account 90-1128-9-X				804
Councillor Mahlangu ITM Account 80-0227-0-X	296	259	37	796
Total	802	533	269	1 600

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing	During 2005
Councillor Jooma MS Account 90-1128-9-X	1 018	150 days	

In terms of this section, any arrears by individual councillors to the municipality for rates and services, which at any time during the relevant financial year was outstanding for more than 90 days, including the names of those councillors must be disclosed.

Section 64(3)

▪ **Outstanding consumer accounts**

Government institutions

	Arrear	Current	Outstanding 30 June 2006	Arrear	Current	Outstanding 30 June 2005
Other government institutions	90 930	108 330	199 260	109 412	147 694	257 106
Department of Public Works (Other)	233 248	215 270	448 518	94 653	72 768	167 421
Department of Education & Schools	1 381 606	223 458	1 605 065	810 115	203 189	1 013 304
Department of Public Works (Roads)	92 665	45 679	138 344	299 076	(144 190)	154 886
Total	1 798 450	592 738	2 391 188	279 461	279 461	1 592 717

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.

	30 June 2006	30 June 2005
	R	R
35. INVESTMENT PROPERTY		
Property at cost	42 697 965	42 697 965
Additions	2 446 497	
Total	45 144 462	42 697 965

See note 36 for changes in accounting policy.

36. CHANGE IN ACCOUNTING POLICY IMPLEMENTATION OF GAMAP INVENTORY	
Balance previously reported	3 915 647
Implementation of GAMAP Transferred to accumulated surplus/(deficit)	
▪ Unsold properties	60 020 865
Total	63 936 512
INVESTMENT PROPERTY	
Balance previously reported	
Implementation of GAMAP Transferred to accumulated surplus/(deficit)	
▪ Investment property at cost	42 697 965
Total	42 697 965

30 June 2006

30 June 2005

R

R

SUNDRY DEBTORS

Balance previously reported

Implementation of GAMAP
Transferred to accumulated
surplus/(deficit)

- Contribution to bad debt for
sundry debtors

2 005 710

Total**2 005 710****PROPERTY, PLANT AND
EQUIPMENT**

Balance previously reported

441 069 813

Implementation of GAMAP
Transferred to reserves

- Infrastructural assets previously
not recorded

(20 044 808)

Total**421 025 005****FUNDS AND RESERVES**

Balance previously reported

324 350 946

Implementation of GAMAP
Transferred to property, plant and
equipment

- Housing Development Fund
- Capital Replacement Reserve
- Capitalisation Reserve

2 015 433

(41 656 185)

19 595 944

Total**304 306 138****ACCUMULATED SURPLUS**

Balance previously reported

77 564 830

- Adjustment to inventory
- Creation of investment property
- Additional provision bad debt :
sundry debtors
- Adjustment to dumping site levies

60 020 865

42 697 965

(2 005 710)

307 989

Total**178 585 939**

APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2006

<i>External Loans</i>		Loan No.	Redeemable	Balance at 30 June 2005	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2006	Carrying value of Property, Plant & Equipment	Other costs in accordance with the MFMA
				R	R	R	R	R	R	R
LOCAL GOVERNMENT STOCK										
INCA	@ 16,40%	MIDD-00-0001	30-06-2006	15 220 000	2 496 080		15 220 000		9 216 085	
Total Local Government Stock				15 220 000	2 496 080		15 220 000		9 216 085	
ANNUITY LOANS										
DBSA	@ 13,41%	LALF 15309	31-12-2009	3 093 686	398 084		540 395	2 553 291	568 567	
DBSA	@ 11,25%	LALF 11902	30-06-2009	114 892	12 288		24 190	90 702	297 959	
DBSA	@ 10,05%	LALF 11903	30-06-2007	47 851	4 267		22 755	25 096	143 085	
INCA	@ 12,80%	MIDD-00-0003	31-12-2012	25 882 267	3 245 253		2 227 345	23 654 922	18 819 131	
INCA	@ 12,35%	MIDD-00-0002	30-09-2006	1 359 109	108 873		1 070 349	288 760		
ABSA	@ 14,40%	40-5934-1607	24-11-2011	43 711 593	6 145 606		4 485 550	39 226 043	40 134 597	
INCA	@ 12,50%	MIDD-00-0004	30-06-2019	29 130 775	3 616 887		843 595	28 287 180	28 113 754	
SCMB	@ 9,62%	87016-348242	01-09-2015		1 526 549	32 000 000	1 000 502	30 999 498	31 546 293	240 000
Total Annuity Loans				103 340 173	15 057 807	32 000 000	10 214 681	125 125 492	119 623 386	240 000
LEASE LIABILITY										
SCMB	@ 15,95%	9705384	07-05-2006	21 000 000	5 440 795				11 034 325	
Total External Loans				139 560 173	22 994 682	32 000 000	46 434 681	125 125 492	139 873 796	240 000

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
for the year ended 30 June 2006

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2006
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
INFRASTRUCTURE	529 333 715	60 524 795	13 083 627	121 884	602 820 253	216 971 768	29 195 223	91 607	246 075 384	356 744 868	78 793 262
Roads, pavements, bridges & stormwater	208 794 975	24 433 532	4 087 659	50 631	237 265 535	99 064 714	12 163 669	41 835	111 186 548	126 078 987	30 607 640
Water reservoirs & reticulation	109 398 489	7 550 543	448 932		117 397 964	50 721 080	5 512 619		56 233 699	61 164 265	7 417 879
Car parks, bus terminals & taxi ranks	2 057 745	1 770 272	2 910		3 830 927	869 789	667 780		1 537 569	2 293 358	340 000
Electricity reticulation	127 782 603	5 870 697	4 682 118		138 335 418	37 712 129	6 183 193		43 895 323	94 440 096	17 085 112
Sewerage purification & reticulation	54 388 168	12 485 865	1 019 117		67 893 150	20 469 445	2 698 201		23 167 646	44 725 504	9 226 128
Housing	9 423 638	(3 186 971)		1 820	6 234 847	4 098 535	(1 634 124)	1 819	2 462 592	3 772 255	
Street lighting	11 506 948	8 249 474		24 493	19 731 929	2 341 483	502 035	12 002	2 831 516	16 900 413	8 213 868
Refuse sites	1 449 716		1 932 932		3 382 648	355 908	48 061		403 969	2 978 679	2 899 700
Other (town planning & development)	4 531 433	3 351 383	909 959	44 940	8 747 835	1 338 684	3 053 790	35 951	4 356 523	4 391 312	3 002 935
COMMUNITY ASSETS	30 237 322	(178 918)	564 757	14 709	30 608 452	8 901 424	345 866	14 698	9 232 593	21 375 859	9 518 250
Establishment of parks & gardens	7 817 876	(1 209 341)	49 513		6 658 048	2 480 378	(585 763)		1 894 615	4 763 433	733 600
Sports fields	2 976 201	4 199 129		10 744	7 164 586	1 126 908	1 510 662	10 735	2 626 835	4 537 751	1 200 000
Community halls	2 203 367	120 724	515 244		2 839 335	519 469	171 226		690 695	2 148 640	6 305 000
Libraries	3 972 296	(83 455)			3 888 841	1 562 131	129 194		1 691 325	2 197 516	
Recreational facilities	3 820 777	(3 057 964)		3 965	758 848	1 603 821	(989 656)	3 963	610 202	148 646	145 000
Clinics	3 911 843	(343 867)			3 567 976	463 568	65 443		529 011	3 038 965	
Museums & art galleries	422 206	(304 531)			117 675	168 922	(101 891)		67 032	50 643	
Other (fire services & cemeteries)	5 112 756	500 387			5 613 143	976 227	146 651		1 122 878	4 490 265	1 134 650
OTHER ASSETS	148 172 904	16 745 819		5 647 310	159 271 413	69 896 060	13 740 899	3 274 302	80 362 657	78 908 756	16 880 736
Other motor vehicles	21 294 099	4 388 323		626 247	25 056 175	12 123 402	3 508 427	616 552	15 015 277	10 040 898	2 958 000
Plant & equipment	41 002 946	1 350 505		1 032 465	41 320 986	24 194 313	2 959 198	877 585	26 275 925	15 045 061	6 142 781
Office equipment	4 465 372	1 121 280		150 978	5 435 674	3 982 094	377 821	147 630	4 212 285	1 223 389	1 696 645
Abattoirs		72 233			72 233		54 323		54 323	17 910	
Security measures (including fencing)	4 811 165	1 649 854		18	6 461 001	3 244 088	1 166 368	16	4 410 440	2 050 561	957 700
Civic land & buildings	43 522 691	(4 588 414)		58 290	38 875 987	9 871 375	511 164	47 180	10 335 359	28 540 628	1 318 000
Other land & buildings	15 048 705	8 676 902		2 450 772	21 274 836	3 591 320	2 911 373	257 111	6 245 582	15 029 253	659 519
Other (including IT)	18 027 926	4 075 136		1 328 541	20 774 521	12 889 469	2 252 224	1 328 228	13 813 464	6 961 057	3 148 091
SPECIALISED VEHICLES	14 110 732	1 999 601			16 110 333	5 060 415	911 942		5 972 357	10 137 976	1 750 000
Refuse	8 505 730	621 554			9 127 284	3 392 055	741 189		4 133 245	4 994 039	
Fire	5 605 002	1 378 047			6 983 049	1 668 360	170 752		1 839 112	5 143 937	1 750 000
TOTAL	721 854 673	79 091 297	13 648 384	5 783 903	808 810 450	300 829 668	44 193 930	3 380 607	341 642 991	467 167 460	106 942 248

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
for the year ended 30 June 2006

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2005
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Closing Balance		
	R	R		R	R	R	R	R	R		
EXECUTIVE COUNCIL	1 431 127	2 487 722		20 321	3 898 529	857 164	1 332 430	20 293	2 169 301	1 729 228	1 067 855
Executive Council	1 431 127	2 487 722		20 321	3 898 529	857 164	1 332 430	20 293	2 169 301	1 729 228	1 067 855
FINANCE & ADMINISTRATION	70 905 965	7 173 897		3 432 419	74 647 444	30 130 252	4 020 279	1 843 606	32 306 925	42 340 519	8 514 486
Finance	3 595 098	4 678 793		911 370	7 362 522	2 893 950	3 486 554	910 992	5 469 512	1 893 010	1 51 060
Information technology	6 555 757	(1 411 643)		8 146	5 135 967	4 811 771	(2 138 575)	8 141	2 665 055	2 470 912	1 767 945
Human resources	220 854	54 178		20 446	254 586	210 999	8 636	20 269	199 367	55 220	149 460
Property services	50 040 689	4 208 520		2 131 278	52 117 931	15 182 271	2 355 267	543 261	16 994 277	35 123 654	4 599 116
Other & admin	10 493 566	(355 950)		361 178	9 776 438	7 031 260	308 397	360 943	6 978 714	2 797 724	846 905
PLANNING & DEVELOPMENT	6 120 058	(422 291)	865 200	705 370	5 857 598	1 606 344	835 522	89 324	2 352 542	3 505 056	3 068 850
Planning & development	6 120 058	(422 291)	865 200	705 370	5 857 598	1 606 344	835 522	89 324	2 352 542	3 505 056	3 068 850
ROAD TRANSPORT	211 526 139	27 276 987	3 909 961	86 943	242 626 145	103 271 283	14 169 278	78 061	117 362 500	125 263 644	29 977 430
Vehicle licensing & testing	1 880 144	89 837		75 901	1 894 081	1 013 128	195 248	67 026	1 141 351	752 730	48 640
Roads & stormwater	208 041 928	27 157 288	3 907 051	11 042	239 095 225	101 603 471	13 887 082	11 035	115 479 519	123 615 706	29 648 790
Roads other	1 604 067	29 862	2 910		1 636 839	654 683	86 947		741 631	895 208	280 000
HEALTH	7 052 051	358 850		19 767	7 391 134	2 323 733	472 356	19 725	2 776 364	4 614 770	375 856
Clinics	6 009 301	306 618		10 860	6 305 058	1 950 049	343 996	10 827	2 283 217	4 021 841	264 756
Health other	1 042 750	52 232		8 907	1 086 075	373 684	128 360	8 898	493 146	592 929	111 100
COMMUNITY & SOCIAL SERVICES	14 738 421	879 341	560 003	38 653	16 139 112	4 382 823	789 752	35 993	5 136 582	11 002 531	7 697 500
Libraries & archives	5 415 050	234 735		26 736	5 623 050	2 674 625	236 037	24 287	2 886 375	2 736 675	222 950
Community halls & facilities	3 010 944	111 746	515 244	11 917	3 626 017	823 814	164 033	11 706	976 140	2 649 877	6 404 550
Cemeteries & crematoriums	6 312 427	532 860	44 759		6 890 046	884 385	389 682		1 274 067	5 615 979	1 070 000
PUBLIC SAFETY	18 881 415	4 112 593	180 608	375 525	22 799 091	8 387 532	1 388 712	339 390	9 436 854	13 362 237	4 327 544
Fire	11 905 548	2 967 288		128 777	14 744 060	4 081 559	671 514	92 669	4 660 403	10 083 657	2 840 834
Traffic	6 975 866	1 145 305	180 068	246 748	8 055 031	4 305 973	717 198	246 721	4 776 451	3 278 580	1 486 710
SPORT & RECREATION	38 671 840	2 051 434	49 513	647 807	40 124 979	16 697 418	2 483 186	528 136	18 652 469	21 472 511	3 306 250
Sport & recreation	38 671 840	2 051 434	49 513	647 807	40 124 979	16 697 418	2 483 186	528 136	18 652 469	21 472 511	3 306 250
WASTE WATER MANAGEMENT	61 454 049	10 991 884	280 307	74	72 726 166	22 154 589	2 852 034	63	25 006 560	47 719 606	10 411 248
Sewerage	61 325 400	10 991 884	280 307	74	72 597 517	22 115 292	2 847 746	63	24 962 975	47 634 542	10 411 248
Public toilets	128 649				128 649	39 297	4 288				
WASTE MANAGEMENT	15 448 859	126 130	1 932 932	1 005	17 506 916	6 255 505	858 513	1 001	7 113 017	10 393 899	2 969 700
Solid waste	15 448 859	126 130	1 932 932	1 005	17 506 916	6 255 505	858 513	1 001	7 113 017	10 393 899	2 969 700
HOUSING	10 117 720	22 336		123 917	10 016 138	5 170 771	267 354	123 910	5 314 215	4 701 923	145 110
Housing	10 117 720	22 336		123 917	10 016 138	5 170 771	267 354	123 910	5 314 215	4 701 923	145 110
WATER	114 320 559	8 198 400	1 187 742	30 002	123 676 699	52 643 515	6 100 184	26 984	58 716 714	64 959 985	7 973 009
Water distribution	83 874 830	6 707 491	448 932		91 031 253	33 423 690	4 684 505		38 108 195	52 923 058	6 524 329
Water storage	30 445 729	1 490 909	738 810	30 002	32 645 446	19 219 825	1 415 679	26 984	20 608 520	12 036 926	1 448 680
ELECTRICITY	151 186 470	15 834 013	4 682 118	302 101	171 400 499	46 948 739	8 624 329	274 121	55 298 947	116 101 553	27 107 410
Electricity distribution	142 225 383	7 723 864	4 573 347	302 101	154 220 492	45 385 863	8 241 371	274 121	53 353 114	100 867 379	18 893 542
Street lighting	8 961 087	8 110 149	108 771		17 180 007	1 562 876	382 957		1 945 833	15 234 174	8 213 868
TOTAL	721 854 673	79 091 297	13 648 384	5 783 903	808 810 450	300 829 668	44 193 930	3 380 607	341 642 991	467 167 460	106 942 248

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2006

2005 Actual Income	2005 Actual Expenditure	2005 Surplus/ (Deficit)		2006 Actual Income	2006 Actual Expenditure	2006 Actual Surplus/ (Deficit)
R	R	R		R	R	R
10 666 468	16 972 919	(6 306 451)	Executive & Council	16 275 651	22 785 943	(6 510 293)
10 666 468	16 792 919	(6 306 451)	Executive & Council	16 275 651	22 785 943	(6 510 293)
153 410 922	64 329 356	89 081 566	Finance & Admin	204 837 642	90 487 581	114 350 061
124 285 703	26 525 535	97 760 168	Finance	138 260 839	28 626 939	109 633 900
3 212 282	3 231 385	(19 103)	Human Resources	3 490 759	3 502 877	(12 117)
2 740 526	3 920 507	(1 179 981)	Information Technology	1 661 236	2 953 426	(1 292 190)
5 925 741	8 032 680	(2 106 939)	Property Services	48 576 524	35 345 604	13 230 920
17 246 669	22 619 249	(5 372 580)	Other Admin	12 848 284	20 058 736	(7 210 451)
2 175 818	4 288 063	(2 112 245)	Planning & Development	1 779 053	5 337 973	(3 558 920)
2 175 818	4 288 063	(2 112 245)	Planning & Development	1 779 053	5 337 973	(3 558 920)
4 913 406	9 983 140	(5 069 734)	Health	4 351 377	11 256 360	(6 904 983)
4 699 942	8 361 341	(3 661 399)	Clinics	4 350 245	9 409 671	(5 059 426)
213 464	1 621 799	(1 408 335)	Health Other	1 132	1 846 688	(1 845 557)
3 349 788	6 113 075	(2 763 288)	Community Services	478 692	6 549 713	(6 071 021)
223 242	3 061 272	(2 838 030)	Libraries	80 189	2 963 325	(2 883 137)
53 414	803 441	(750 027)	Community Halls & Facilities	62 170	851 094	(788 924)
3 073 132	2 248 362	824 770	Cemeteries	336 333	2 735 293	(2 398 960)
523 913	3 324 058	(2 800 145)	Housing	754 172	3 819 129	(3 064 956)
523 913	3 324 058	(2 800 145)	Housing	754 172	3 819 129	(3 064 956)
2 639 470	7 760 165	(5 120 695)	Public Safety	4 526 183	20 252 029	(15 725 846)
2 639 470	7 760 165	(5 120 695)	Fire Services	1 004 627	8 318 357	(7 313 730)
			Other	3 521 556	11 933 672	(8 412 116)

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2006

2005 Actual Income	2005 Actual Expenditure	2005 Surplus/ (Deficit)		2006 Actual Income	2006 Actual Expenditure	2006 Actual Surplus/ (Deficit)
R	R	R		R	R	R
4 496 879	25 177 263	(20 680 384)	Parks & Recreation	5 185 959	28 039 816	(22 853 857)
4 496 879	25 177 263	(20 680 384)	Parks & Recreation	5 185 959	28 039 816	(22 853 857)
41 185 720	36 045 295	5 140 425	Waste Management	52 083 849	41 043 097	11 040 752
20 699 709	15 956 862	4 742 847	Sewerage	29 557 650	18 310 731	11 246 919
	690 193	(690 193)	Public Toilets		795 016	(795 016)
20 486 011	19 398 239	1 087 772	Refuse Removal	22 526 198	21 937 350	588 848
18 733 447	46 167 598	(27 434 151)	Roads Transport	28 394 971	39 575 189	(11 180 218)
8 817 503	30 109 585	(21 292 082)	Roads	21 172 019	33 682 615	(12 510 596)
9 879 337	15 315 095	(5 435 758)	Vehicle Licenses & Traffic	7 186 346	5 125 229	2 061 117
36 606	742 918	(706 312)	Transport Other	36 606	767 345	(730 739)
30 106 625	22 895 407	7 211 218	Water	34 920 399	26 334 191	8 586 208
29 923 640	13 853 741	16 069 899	Water Distribution	34 620 399	16 162 008	18 458 391
182 985	9 041 666	(8 858 681)	Water Purification	300 000	10 172 183	(9 872 183)
113 755 096	96 046 819	17 708 278	Electricity	134 123 811	109 080 808	25 043 003
112 424 904	91 908 277	20 516 627	Electricity Distribution	126 558 498	104 579 649	21 978 849
1 330 192	4 138 542	(2 808 350)	Street Lighting	7 565 313	4 501 159	3 064 154
385 957 553	339 103 158	46 854 395	Sub-Total	487 711 760	404 561 830	83 149 930
(47 748 098)	(47 748 098)		Less: Inter-Departmental Charges	(53 053 899)	(53 053 899)	
338 209 455	291 355 060	46 854 395	Total	434 657 860	351 507 930	83 149 930

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET
for the year ended 30 June 2006

	2006 Actual R	2006 Budget R	2006 Variance R	2006 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	75 235 438	75 860 567	(625 129)	(0,82)	
Service charges : Electricity	108 269 250	106 366 297	1 902 953	1,79	
Refuse removal	14 870 058	15 445 621	(575 563)	(3,73)	
Sewerage	16 797 386	16 812 036	(14 650)	(0,09)	
Water	26 702 547	26 921 439	(218 892)	(0,81)	
Rental of facilities and equipment	2 235 159	2 109 522	125 637	5,96	
Interest earned – external investments	18 856 010	10 547 210	8 308 800	78,78	Interest received on zero bond investments was not included in the budget and is now recognised as revenue.
Interest earned – outstanding debtors	3 155 286	1 514 764	1 640 522	108,30	Interest increased because of the restatement of debtors at fair value.
Fines	3 658 474	3 831 250	(172 776)	(4,51)	
Licenses & permits	3 129 652	2 658 530	471 122	17,72	Increase in licensing fees resulted in more revenue.
Revenue for agency services	4 015 425	3 675 000	340 425	9,26	
Government grants & subsidies – operating	31 254 575	32 388 693	(1 134 118)	(3,50)	
Government grants & subsidies – capital	12 576 376	13 946 250	(1 369 874)	(9,82)	
Public contributions, donated and contributed property, plant and equipment	36 823 212		36 823 212	100,00	Nkangala District Municipality donated assets is now recognised as revenue.
Other revenue	76 775 873	30 569 734	46 206 139	151,15	The sale of erven was not budgeted for, but due to the change in accounting standards, the sale of erven is now recognised as revenue.
Gains on disposal of property, plant & equipment	303 141	500 000	(196 859)	(39,37)	Less revenue was received on the auction for the sale of redundant equipment than was anticipated.
Total Revenue	434 657 860	343 146 913	91 510 947	26,67	

APPENDIX E
UNAUDITED ACTUAL OPERATING VERSUS BUDGET
for the year ended 30 June 2006

	2006 Actual R	2006 Budget R	2006 Variance R	2006 Variance %	Explanations of significant variances greater than 10% versus budget
EXPENDITURE					
Employee related costs	109 035 029	111 808 644	(2 773 615)	(2,48)	
Remuneration of councillors	6 013 265	6 021 920	(8 655)	(0,14)	
Bad debts	3 090 908	2 330 610	760 298	32,62	An additional amount was provided for bad debts under other debtors which was not budgeted for.
Collection costs	364 513	284 375	80 138	28,18	More debtors were handed over to the debt collectors than expected.
Depreciation	44 193 929	42 409 846	1 784 083	4,21	
Repairs & maintenance	22 556 741	24 108 031	(1 551 290)	(6,43)	
Interest of external borrowings	23 234 682	23 285 583	(50 901)	(0,22)	
Bulk purchases : Electricity	60 724 524	58 003 690	2 720 834	4,69	
Water	2 822 666	3 048 100	(225 434)	(7,40)	
Contracted services	8 149 587	8 797 620	(648 033)	(7,37)	
Grants & subsidies paid	454 672	750 078	(295 406)	(39,38)	In terms of Council's policy, grants can only be paid to registered umbrella organisations. Not all the organisations which were budgeted for, managed to register, resulting in less grants and subsidies paid.
General expenses	68 569 358	47 886 641	20 682 717	43,19	Inventories for land available for sale were created, which were not budgeted for and is disclosed as a change in accounting policy.
Loss on disposal of property, plant & equipment					
Contributions to/(transfers from) provisions	2 298 055	1 067 297	1 230 758	115,32	Additional provision for staff leave was made in terms of the accounting policy.
Total Expenditure	351 507 930	329 802 435	21 705 495	6,58	
NET SURPLUS/(DEFICIT) FOR THE YEAR	83 149 930	13 344 478	69 805 452	523,10	

APPENDIX F
UNAUDITED ACTUAL CAPITAL VERSUS BUDGET
Acquisition of Property, Plant and Equipment
for the year ended 30 June 2006

	2006 Actual R	2006 Under Construction R	2006 Total Additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE & COUNCIL	958 379		958 379	1 072 955	(114 576)	(10,68)	
Executive & Council	958 379		958 379	1 072 955	(114 576)	(10,68)	Savings realised on purchase of vehicle, photocopy machine and furniture.
FINANCE & ADMINISTRATION	7 789 969		7 789 969	8 514 485	(724 516)	(8,51)	
Finance	1 096 161		1 096 161	1 151 059	(54 898)	(4,77)	
Information Technology	1 541 860		1 541 860	1 767 945	(226 085)	(12,79)	Savings realised on disaster recovery, communication, development on Intranet and anti-virus packages.
Human Resources	45 553		45 553	149 460	(103 907)	(69,52)	Finger print recorders rolled over to 2006/2007.
Property Services	4 322 877		4 322 877	4 599 116	(276 239)	(6,01)	Savings realized on PABX, replacement of lift, upgrading Rates Hall and fencing 24 Hour Control Centre rolled over to 2006/2007.
Other & Admin	783 518		783 518	846 905	(63 387)	(7,48)	Savings realised on purchases to upgrade vehicle fleet, PABX system.
PLANNING & DEVELOPMENT	61 595	865 200	926 795	3 068 850	(2 142 055)	(69,80)	
Planning & Development	61 595	865 200	926 795	3 068 850	(2 142 055)	(69,80)	Town planning rural villages not executed.
ROAD TRANSPORT	27 805 318	3 909 961	31 715 279	29 989 400	1 725 839	5,75	
Vehicle Licensing & Testing	51 149		51 149	60 650	(9 501)	(15,67)	Savings realised on purchases of bulk filer.
Roads & Stormwater	27 754 169	3 907 051	31 661 220	29 648 790	2 012 430	6,79	Assets from Nkangala District Municipality capitalised, not included in budget (w/p previous year).
Roads Other		2 910	2 910	280 000	(277 090)	(98,96)	Project upgrading taxi facilities rolled over to 2006/2007.
HEALTH	356 526		356 526	376 262	(19 736)	(5,25)	
Clinics	260 909		260 909	264 850	(3 941)	(1,49)	
Health Other	95 617		95 617	111 412	(15 795)	(14,18)	Savings realised on portable dust sampler, palisade fencing project rolled over to 2006/2007.

APPENDIX F
UNAUDITED ACTUAL CAPITAL VERSUS BUDGET
Acquisition of Property, Plant and Equipment
for the year ended 30 June 2006

	2006 Actual R	2006 Under Construction R	2006 Total Additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanations of significant variances greater than 5% versus budget
COMMUNITY & SOCIAL SERVICES	829 793	560 003	1 389 796	7 697 500	(6 307 704)	(81,94)	
Libraries & Archives	213 978		213 978	222 950	(8 972)	(4,02)	
Community Halls & Facilities	96 485	515 244	611 729	6 404 550	(5 792 821)	(90,45)	Building of community hall Extension 5 – roll over 2006/2007.
Cemeteries & Crematoriums	519 330	44 759	564 089	1 070 000	(505 911)	(47,28)	Develop cemeteries rural rolled over 2006/2007.
PUBLIC SAFETY	3 596 500	180 608	3 777 108	4 327 544	(550 436)	(12,72)	
Fire	2 744 496		2 744 496	2 840 834	(96 338)	(3,39)	
Traffic	852 004	180 608	1 032 612	1 486 710	(454 098)	(30,54)	Upgrade traffic signals rolled over 2006/2007.
SPORT & RECREATION	2 217 881	49 513	2 267 394	3 306 250	(1 038 856)	(31,42)	
Sport & Recreation	2 217 881	49 513	2 267 394	3 306 250	(1 038 856)	(31,42)	Park erf 3061, resurfacing play courts and graded soccer fields rolled over 2006/2007.
WASTE WATER MANAGEMENT	11 043 528	280 307	11 323 835	10 410 068	913 767	8,78	
Sewerage	11 043 528	280 307	11 323 835	10 411 248	913 767	8,78	Assets from Nkangala District Municipality not included in budget (w/p previous years).
Public Toilets							
WASTE MANAGEMENT	123 037	1 932 932	2 055 969	2 969 700	(913 731)	(30,77)	
Solid Waste	123 037	1 932 932	2 055 969	2 969 700	(913 731)	(30,77)	Garden refuse sites project rolled over 2006/2007.
HOUSING	102 352		102 352	145 110	(42 758)	(29,47)	
Housing	102 352		102 352	145 110	(42 758)	(29,47)	Savings realized on trailer bought, firearms did not realise.
WATER	8 059 596	1 187 742	9 247 338	7 973 009	1 274 329	15,98	
Water Distribution	6 750 236	448 932	7 199 168	6 589 329	609 839	9,25	Assets from Nkangala District Municipality in budget (w/p previous year).
Water Storage	1 309 360	738 810	2 048 170	1 383 680	664 490	48,02	Assets from Nkangala District Municipality in budget (w/p previous year).
ELECTRICITY	16 146 823	4 682 118	20 828 941	27 107 410	(6 278 469)	(23,16)	
Electricity Distribution	8 036 674	4 682 118	12 718 792	18 893 542	(6 174 750)	(32,68)	Projects rolled over to 2006/2007.
Street Lighting	8 110 149		8 110 149	8 213 868	(103 719)	(1,26)	
TOTAL	79 091 297	13 648 384	92 739 681	106 958 583	(14 218 902)	(13,29)	

APPENDIX G
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2006

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Traffic Services	Middelburg Nissan	3 261,77	Only agent of Nissan Almera parts – vehicle under warranty.
Traffic Services	Solly's Middelburg	1 434,07	Only agent and company that has the necessary equipment to maintain the necessary services for the patrol vehicle – vehicle under warranty.
Traffic Services	Middelburg Nissan	1 132 ,40	Only agent that has the necessary equipment for the patrol vehicle – vehicle under warranty.
Town Engineer	Elster	11 358,72	Elster is the sole supplier of the Elster Kent water connection drill bits.
Information Technologies	Eclipse Network	119 917,74	Other suppliers cannot quote the Microsoft products under select agreement.
Town Engineer	Elster	77 689,00	The Kent water meters are used and they did not want to deviate and use other products.
Town Engineer	Ingersoll Rand	23 796,65	Ingersoll Rand is the sole supplier and has been appointed as service provider to repair the compactor.
Town Engineer	Elster	45 697,80	The Kent water meters are used and they did not want to deviate and use other products.
Information Technologies	Open Spatial Solutions	59 841,45	They are the sole suppliers.
Human Resources	Asindo HR	3 580,63	They are the only supplier that could provide the service.
Town Engineer	Onduka	30 420,00	Sole supplier of this polyelectrolyte.
Town Engineer	Betram	28 818,06	Sole supplier of the Amalooloo prefab structure of which more than 320 were erected in Doornkop.
Information Technologies	TGIS	35 516,00	Sole supplier on the development of the IMIS Integrator which link several modules on the GIS.
Information Technologies	Total Geo-Spatial Information Solutions	28 500,00	Sole supplier for the product.

APPENDIX G
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2006

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Town Engineer	Elster	52 965,00	The Kent water meters are used and they did not want to deviate and use other products.
Town Engineer	Elster	31 779,00	The Kent water meters are used and they did not want to deviate and use other products.
Town Electrical Engineer	Vero Test	7 000,00	The only supplier that can test and locate the cable fault.
Town Electrical Engineer	Alstom	343 859,00	The equipment must be serviced by the manufacturers themselves.
Town Engineer	DLM	25 000,00	Only supplier that can provide us with these flow meters.
Finance	Merlin Gerin SA (Pty) Ltd	27 521,93	Only supplier.
Town Engineer	Flender	9 500,00	Sole supplier of the Flender Gearbox.
Town Electrical Engineer	Sectional Poles (Pty) Ltd	97 530,00	Sole supplier that can be appointed to do the work.
Town Engineer	Concor Technicrete (Pty) Ltd	15 078,83	Only supplier of the Amorflex 180 in the Middelburg area.
Human Resources	Open Spatial Solutions	36 765,00	The sole provider that can perform this task.
Traffic Services	Digicore Fleet Management	1 770,69	The sole supplier of the C-Track System.
Health Services	JEF Gerber	13 680,00	Sole supplier of computer software.
Town Engineer	Sudchemie	16 425,00	Sole supplier.
Town Engineer	Onduka	30 420,00	Sole supplier.
Town Engineer	Sudchemie	65 700,00	Sole supplier.
Town Engineer	Sherenco	201,67	Sole supplier of Stihl.
Public Relations	AC Bracy	13 894,32	Sole supplier of maps.
Parks and Recreation	East Auto & Tractor	1 662,50	Sole supplier.
Parks and Recreation	East Auto & Tractor	1 382,42	Sole supplier.

APPENDIX G
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2006

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Town Engineer	WJ Mobile Auto Elect	257,24	Sole supplier.
Town Engineer	Betram	28 818,06	Sole supplier of toilet structures.
Town Electrical Engineer	Verotest	3 192,00	Only service provider and distributor.
Parks and Recreation	Sherenco	84 562,00	Sole provider of Stihl.
Town Electrical Engineer	Multi Power System	1 002,06	Manufacturer of equipment.
Information Technologies	Open Spatial Solutions	59 841,45	Sole supplier of the spares.
Town Secretary	Barloworld	2 320,90	Sole supplier.
Parks and Recreation	Middelburg Nissan	304,15	Sole agent.
Parks and Recreation	Sherenco	9 199,00	Sole agent.
Parks and Recreation	Sherenco	5 221,37	Sole agent.
Parks and Recreation	Sherenco	5 604,53	Sole agent.
Parks and Recreation	Sherenco	601,92	Sole agent.
Parks and Recreation	JHI	4 474,50	Only two quotations received.
Parks and Recreation	Sherenco	4 120,19	Sole agent.
Parks and Recreation	Eastvaal Auto	2 423,88	Sole agent.
Parks and Recreation	Solly's Middelburg	2 580,03	Sole agent.
Parks and Recreation	MP Tyres	803,00	Only one quotation received.
Parks and Recreation	Supa Quick	704,66	Agents for Venter trailers.
Parks and Recreation	Mid Air	1 504,80	Agents for Bosch.
Parks and Recreation	Sherenco	1 689,00	Sole agent.
Town Electrical Engineer	Solly's Middelburg	673,19	Sole agent.

APPENDIX G
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2006

Department	Supplier	Amount (VAT incl.) R	Reason for deviation
Fire Services	TJJ Bester Auto	1 013,46	Only one quote on emergency.
Fire Services	Selco	1 478,00	Sole agent.
Fire Services	Flash Fire	1 444,00	Sole manufacturer of value keys.
Town Engineer	Goscor	1 624,82	Sole agent.
Town Engineer	Supra Toyota	806,22	Sole agent.
Town Engineer	ESP	222,12	Sole agent
Town Engineer	Solly's Middelburg	620,58	Sole agent.
Town Engineer	Digicore	4 960,51	Contract with Council.
Finance (Central Stores)	Procol	2 252,64	Sole agent.
Finance (Central Stores)	Procol	1 688,00	Sole agent for aqualok.
Solid Waste Disposal	Solly's Middelburg	453,71	Sole agent.
Town Engineer	Goscor	1 006,85	Sole agent.
Town Engineer	Enviro	2 009,00	Sole supplier of slag locally.
Town Engineer	Sensus Metering	2 970,00	Sole supplier of Sensus meters.
Town Engineer	DLM	500,00	Only supplier working on site.
Town Engineer	Middelburg Nissan	2 015,51	Sole agent for Nissan spares.
Town Engineer	Aquatronics	5 186,89	Only supplier of value box.
Town Electrical Engineer	Linegear 2000	380,00	Sole supplier of tap links.
Total		1 513 730,59	

2005/2006

ANNUAL REPORT

AUDIT REPORTS



A U D I T O R - G E N E R A L

REPORT

OF THE

AUDITOR-GENERAL

TO THE

MEMBERS OF THE COUNCIL

ON THE

FINANCIAL STATEMENTS OF THE STEVE TSHWETE LOCAL MUNICIPALITY

FOR

THE YEAR ENDED 30 JUNE 2006



A U D I T O R - G E N E R A L

REPORT OF THE AUDITOR-GENERAL TO THE MEMBERS OF THE COUNCIL ON THE FINANCIAL STATEMENTS OF THE STEVE TSHWETE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006

1. **AUDIT ASSIGNMENT**

The financial statements as set out on pages 1 to 68 for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. **SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 1512 of 2006*, issued in *Government Gazette* no. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.



3. **BASIS OF ACCOUNTING**

The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in paragraph 2 of the accounting policies to the financial statements.

4. **AUDIT OPINION**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Steve Tshwete Local Municipality at 30 June 2006 and the results of its operations and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in paragraph 2 of the accounting policies to the financial statements, and in the manner required by the MFMA.

5. **EMPHASIS OF MATTER**

Without qualifying the audit opinion, attention is drawn to the following matters:

5.1 **Accounts receivable**

The fair value of account balances of accounts receivable at 30 June 2006 were calculated by Management as per note 14 to the financial statements as the municipality's accounting system did not have the function to calculate fair value per transaction.

5.2 **Post retirement benefits**

A liability for post employment medical care benefits was calculated by management as per note 4 to the financial statements and will be valued during the 2006-07 financial year and yearly thereafter due to that it was only decided during October 2006 that accounting policies, events or conditions not covered by GRAP and GAMAP standards should be based on the South African Statements of Generally Accepted Accounting Practices (GAAP).



5.3 Stock administration

Internal control weaknesses were identified at the municipal stores due to internal control systems not being adhered to at all times, for example:

- Responsibilities of stock administration staff were not clearly communicated, resulting in the segregation of duties being insufficient as all staff could receive and issue stock items.
- Stock in warehouse A (poison store) was not labelled, described or marked with the item/stock number for identification purposes.
- Not all damaged or slow-moving stock was identified.
- Security checks done on stock movement from the premises were not always documented.

5.4 Audit committee

The municipality made use of a district audit committee established for the district municipality and all local municipalities within the district, as per section 166(6) of the MFMA. This committee met quarterly and certain documents relating to the municipality were tabled for discussion. However, for example, the following matters were not attended to adequately, due to time constraints:

- Internal financial control and internal audits
- Risk management
- Performance management
- Performance evaluation



5.5 Submission of audit report

In terms of section 126(3) (b) of the MFMA I am required to submit my report to the accounting officer within three months of the receipt of the financial statements. In the interest of improving accountability and due to the process implemented by me to ensure consistency in the manner in which material audit findings are reported I have delayed the finalisation of my report to the date reflected on the audit report.

6. APPRECIATION

The assistance rendered by the staff of the Steve Tshwete Local Municipality during the audit is sincerely appreciated.

D for Auditor-General

Nelspruit

21 December 2006



A U D I T O R - G E N E R A L

2005/2006

ANNUAL REPORT

*COMMENTS OF SENIOR OFFICIALS AND PARTICULARS OF CORRECTIVE ACTION TO BE
TAKEN IN RESPONSE TO ISSUES IN THE REPORTS OF THE AUDITOR GENERAL*

C02/01/2007

FINANCES: REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 AND ON THE RESULT OF THE PERFORMANCE MEASUREMENT SYSTEM OF THE COUNCIL FOR THE YEAR ENDED 30 JUNE 2006

6/14/1/2 (M)/lb

(Item 21 p 105 MC 10/01/2006)

RECOMMENDATION BY THE EXECUTIVE MAYOR

- 1 **THAT** the report by the Auditor-General on the financial statements for the year ended on 30 June 2006 and on the result of the performance measurements system of Council, be noted.
- 2 **THAT** the comments by the Manager : Finance and IDP Officer on the reports mentioned in paragraph 1 above, be noted.

C02/01/2007

FINANCES: REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 AND ON THE RESULT OF THE PERFORMANCE MEASUREMENT SYSTEM OF THE COUNCIL FOR THE YEAR ENDED 30 JUNE 2006

6/14/1/2 (M)/lb

(Item 21 p 105 MC 10/01/2006)

RESOLVED BY COUNCIL

- 1 **THAT** the report by the Auditor-General on the financial statements for the year ended on 30 June 2006 and on the result of the performance measurements system of Council, be noted.
- 2 **THAT** the comments by the Manager : Finance and IDP Officer on the reports mentioned in paragraph 1 above, be noted.

02/01/2007

FINANCES: REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 AND ON THE RESULT OF THE PERFORMANCE MEASUREMENT SYSTEM OF THE COUNCIL FOR THE YEAR ENDED 30 JUNE 2006

6/14/1/2 (M)/lb

Report by the Manager : Finance

1. Attached as **ANNEXURE B Page 59 to 63** is the Report of the Auditor-General on the financial statements of the Council for the 2005/2006 financial year which ended on 30 June 2006.

2. Also attached as **ANNEXURE C Page 64 to 67** is the Report by the Auditor-General on the Results of Performance Measurement of the Municipality for the year ended 30 June 2006.
3. Both reports are incorporated to the Council's Annual Report that will be presented for consideration and adoption by Council under a separate cover.
4. These reports will have to be tabled and discussed at the meeting of the Council on 25 January 2007 and in terms of the prescriptions has to be handled item by item (paragraph by paragraph) together with the comments of the Manager : Finance and the IDP Officer respectively.
5. The contents of the report, and the comments on issued raised, are as follows:

5.1 Report on the financial statements for 2005/2006

5.1.1 **Point 1 : Audit Assignment**

Comments

Comments to be noted by Council.

5.1.2 **Point 2 : Scope**

Comments

For the information of the Council.

5.1.3 **Point 3 : Basis of Accounting**

Comments

For the information of the Council.

5.1.4 **Point 4 : Audit Opinion**

Comments

For the information of the Council.

5.1.5 **Point 5 : Emphasis of Matter**

Point 5.1 **Accounts Receivable**

Comments

All Municipalities only received notification from the Accountant-General by his Circular dated 4 October 2006 about the using of SA GAAP standards in terms of prescription by GRAP 3 point 12 for the statement of accounts receivable from outstanding debtors at year-end. By receiving the instruction long after the closing of the financial year, it was by no means possible to amend the Council's accounting system to calculate fair value per each outstanding debtor record individually.

The fair value could only be calculated from the total ageing analysis of the total debtors' book balance as at year-end. The necessary system change can only be undertaken once there is clear certainty about the correct financial treatment of this aspect that is currently still disputed. Debtors' records will however have to comply to whatever standard is applicable at year-end of the current financial year.

Point 5.2 *Post-retirement Benefits*

Comments

The statement of Council's deferred responsibility for post-service contribution to medical aid premiums for pensions and qualifying dependants of deceased personnel and the provision of an adequate reserve to be phased in over a four-year period also became necessary by the ruling of the Accountant-General dated 4 October 2006.

The necessary deferred contribution is calculated correctly and contribution of R26-million is provided in the year-end statements.

The amounts to be declared in future statements will have to be actuarially determined.

Point 5.3 *Stock Administration*

Comments

The vacancy of the Head of the Supply Chain Unit within the department of the Manager : Finance is only filled with effect from 1 September 2006. The vacancy of Storeman could however not yet be filled due to the process of lodging an appeal by the previous dismissed occupant of this position. Except for this position there is now a full staff compliment.

The organisation of and control over all functions in accordance with the job descriptions are earnestly attended to and senior staff are called to task. Where necessary outcome based training is being arranged. All stock at the stores are now appropriately marked and commodity codes are clearly reflected. There is an existing arrangement that a security guard permanently stationed at the stores controls that all items leaving the stores are accompanied by appropriate waybills that contain reference of the related requisitions. Security checks at the entrance to the Service Centre fall outside control of the Supply Chain Unit. The Chief : Traffic and Security had been informed of the finding.

Point 5.4 *Audit Committee*

Comments

The Audit Committee held the following four meetings at which the items as listed and submitted by the Steve Tshwete Local Municipality, served :

9 September 2005

- The Internal Audit Report for the financial year to 30 June 2005.
- The Draft Strategic Risk Assessment Report.
- The Three-year strategic rolling out internal audit plan for the financial year ending 30 June 2006.

18 November 2005

- Key Performance Indicators for the 2005/2006 financial year.
- Unaudited financial statements for the 2004/2005 financial year.
- External Audit Management letter and response on the 2003/2004 External Audit.
- External Audit Report on the 2003/2004 financial year plus comments.
- Quarterly progress report on the implementation of the twelve (12) urgent priorities for the MFMA.

- Quarterly financial report as at 30 September 2005.
- Credit Rating Report (Based on 2003/2004 results).
- The approved SDBIP for the 2005/2006 financial year.
- The Budget Timetable for the 2006/2007 to 2008/2009 financial years' multi-year budget.
- Strategic Risk Assessment Report as compiled by KPMG Services.

24 February 2006

- Quarterly financial report for the quarter ended 31 December 2005.
- Mid-year budget and performance assessment : 2005/2006 financial year.
- The 2004/2005 Annual Report.
- Auditor-General Management letter : Regularity Audit performed for 2004/2005 financial year.
- Report on the Auditor-General on the Financial Statements for the year ended 30 June 2005 and the Result of the Performance Measurement System of the Council for the year ended 30 June 2005.
- Final Internal Audit Report : Follow-up Review Payroll Process.

26 May 2006

- Quarterly financial Report for the quarter ended 31 March 2006.
- Policy on Risk Management.
- Risk Assessment Report : 2005/2006 financial year and 12 highest risk areas at the Steve Tshwete Local Municipality.
- Internal Audit Report to the Audit Committee for the year ended 30 June 2005.

- Internal Audit Report to the Audit Committee : Progress for the financial year ending 30 June 2006.

28 July 2006

- Request for representation at Strategic Risk Assessment Evaluation and Treatment Workshop for 2006/2007 to be held 23 August 2006.
- Internal Audit Report for the year ended 30 June 2006.
- Approved SDBIP for the 2006/2007 financial year and Performance agreements by the Municipal Manager and Other Section 57 Managers.

The Council was represented at all these meetings by the Manager : Finance and the Internal Auditors who answered to questions and provided additional information as and when required. All items as presented were considered by the Audit Committee.

Point 5.5 *Submission of Audit Report*

Comment

For the information of the Council.

Point 6 *Appreciation*

Comment

To be noted.

Comments by the IDP Officer

1. AUDIT ASSIGNMENT

Council to take note

2. NATURE AND SCOPE

Council to take note

3. FINDINGS

3.1 **Development of an Integrated Development Plan**

The municipality had a revised and approved Integrated Development Plan which was based on an approved framework and which included Key Performance Indicators for the year under review

3.2 **Performance Management System**

Council to take note

3.3 **Development and implementation of Key Performance Indicators and setting of targets**

For Key Performance Indicators

Council to take note

3.4 **Actual service delivery process**

Council to take note

3.5 **Internal monitoring, measurement and reporting of performance measurements**

Council to take note

3.6 **Internal control of the performance management system**

Council to take note

3.7 **Revision of strategies and objectives**

Council to take note

3.8 **Statement**

Council to take note

3.9 **Appreciation**

Council to take note

Recommendation by the Administration

- 1 **THAT** the report by the Auditor-General on the financial statements for the year ended on 30 June 2006 and on the result of the performance measurements system of Council, be noted.
- 2 **THAT** the comments by the Manager : Finance and IDP Officer on the reports mentioned in paragraph 1 above, be noted.

Comments by the Acting Municipal Manager

The recommendation by the Administration is supported.

2005/2006

ANNUAL REPORT

ASSESMENT OF ARREARS IN RESPECT OF MUNICIPAL TAXES AND SERVICE CHARGES

**ASSESSMENT OF ARREARS
IN RESPECT OF
MUNICIPAL TAXES AND SERVICE CHARGES**

The Council's total consumer debtors as at 30 June 2006 is as follows:

CONSUMER DEBTORS

	Gross Balance	Provision for Bad Debt	Net Balance
	R	R	R
Service debtors:	30 688 719	10 750 474	19 938 245
Property rates	12 924 941	6 227 039	6 697 902
Electricity	9 228 239	1 253 608	7 974 631
Water	4 148 045	1 761 477	2 386 568
Sewerage	2 759 924	1 052 726	1 707 198
Refuse	1 627 570	455 624	1 171 946
Estates	687 414		687 414
Other	5 302 323	3 133 204	2 169 119
Total	36 678 456	13 883 678	22 794 778

AGEING OF CONSUMER DEBTORS

	2006 R	2005 R
Property Rates		
Current (0-30 days)	4 986 510	6 122 396
31-60 days	703 517	813 828
61-90 days	624 020	748 414
91-120 days	368 106	750 316
121-150 days	284 450	12 417 550
151+ days	5 958 338	
Sub-total	12 924 941	20 852 504
Services		
Current (0-30 days)	11 024 859	12 360 602
31-60 days	987 251	1 036 131
61-90 days	720 085	699 500
91-120 days	392 097	696 272
121-150 days	311 242	8 786 702
151+ days	4 328 246	
Sub-total	17 763 778	23 579 207
Estates		
Current (0-30 days)		
31-60 days	142 443	309 547
61-90 days	63 123	87 507
91-120 days	88 282	142 576
121-150 days	393 567	965 448
151+ days		
Sub-total	687 414	1 505 078

Other

Current (0-30 days)	1 666 336	
31-60 days	212 477	
61-90 days	194 654	
91-120 days	127 847	
121-150 days	103 005	
151+ days	2 998 004	
Sub-total	5 302 323	
Total consumer debtors	36 678 456	45 936 789

Made up as follows:

Current (0-30 days)	17 677 704	18 482 998
31-60 days	2 045 688	2 159 506
61-90 days	1 601 881	1 535 420
91-120 days	976 331	1 589 165
121-150 days	1 092 264	22 169 700
151+ days	13 284 587	
Total	36 678 456	45 936 789

From the above the following can be deduced:

1. That the Council's total consumer debts amounts to R36 678 455 which is R9,2-million less than at 30 June 2005.
2. That provision of R13,8-million was made for doubtful debt.
3. The account balances of accounts receivable represents the fair value as calculated at 30 June 2006.
4. That of the R36,6-million consumer debt as at 30 June 2006, R17,6-million represents current debt (in order words debt not older than 30 days).
5. The Council's average payment rate for the last six years remained above 98%. The high collection rates are indicative of strong credit control measures implemented by Council. The collection period amounts to a very healthy 23 days (2005: 33 days) with a debtors turnover rate of 7,35% (2005: 10,34%) which is in line with the accepted norms.

2005/2006

ANNUAL REPORT

*ASSESSMENT OF THE MUNICIPALITY'S PERFORMANCE AGAINST OBJECTIVES FOR
REVENUE COLLECTION FROM EACH REVENUE SOURCE IN THE MUNICIPALITY'S
APPROVED BUDGET FOR THE 2005/06 FINANCIAL YEAR*

**ASSESSMENT OF THE MUNICIPALITY'S PERFORMANCE
AGAINST OBJECTIVES FOR REVENUE COLLECTION
FROM EACH REVENUE SOURCE AND FOR EACH VOTE IN THE
MUNICIPALITY'S APPROVED BUDGET FOR THE 2005/2006 FINANCIAL YEAR**

The Council's actual revenue in comparison to the objectives as provided for in the relevant budget is as follows:

BUDGET			ACTUAL	
2005 R	2006 R		2006 R	2005 R
REVENUE BY SOURCE 30 JUNE 2006				
73 706 224	75 860 567	Property rates	75 235 438	73 622 475
		Service charges:		
95 903 402	106 366 297	Electricity	108 269 250	97 385 320
15 939 785	15 445 621	Refuse removal	14 870 058	16 876 419
16 454 076	16 812 036	Sewerage	16 797 386	17 099 749
25 359 820	26 921 439	Water	26 702 547	24 875 200
2 069 098	2 109 522	Rental of facilities and equipment	2 235 159	2 239 745
9 680 000	10 547 210	Interest earned – external investments	18 856 010	15 467 199
2 441 805	1 514 764	Interest earned – outstanding debtors	3 155 286	2 593 742
3 562 078	3 831 250	Fines	3 658 474	3 699 497
2 305 800	2 658 530	Licenses and permits	3 129 652	2 495 880
3 600 000	3 675 000	Income for agency services	4 015 425	3 740 977
23 310 745	32 388 693	Government grants and subsidies received - operating	31 254 575	23 997 017
	13 946 250	Government grants and subsidies received – capital	12 576 376	9 405 061
		Public contributions, donated and contributed property, plant and equipment	36 823 212	16 154 589
25 259 937	30 569 734	Other revenue	76 775 873	28 338 624
215 000	500 000	Gain on disposal of property, plant and equipment	303 141	217 962
299 807 770	343 146 913	Total Revenue	434 657 860	338 209 455

From the above the following can be deduced:

1. Council obtained additional revenue over and above which was budgeted for in the amount of R91,5-million.
2. This was mainly achieved due to the change in accounting practices where revenue for the sale of erven to the amount of R47,1-million and donated assets from the Nkangala District Municipality to the amount of R36,8-million were recognized as revenue but were not included in the original budget.

Interest earned on external investments due to Council's favourable cash flow position, contributed an additional R8,3-million to the additional revenue obtained.

3. Revenue received in respect of service charges were more or less the same as budgeted and reflect a favourable deviation of 0,19%.

2005/2006

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MUNICIPAL PERFORMANCE REPORT

Table 1 Resource Management Perspective

KPI	Input Indicator	Output Indicator	Outcome Indicator	Baseline Indicator	Target	Actual Achievement	Measures to improve performance
The percentage of debtors to revenue ratio maintained at below 15%(NKPI)	Debt collection using the Credit Control Policy Write off unrecoverable bad debt	Debtors to revenue ratio maintained at 2% below 15%	Improved financial rating of Municipality	13% Ratio and uncollectible debts of 27% of Debtors'Books	Reducing uncollectable outstanding debts by June 2006	Ratio at 30/6/2006 = 9,72%	
Percentage at which the Human Resource budget to overall budget is maintained	Freeze non-essential posts Maintain a proper personnel structure	Maintenance of staff payroll between 28% and 33% of budget	Improved financial rating of municipality Bulk of budget directed at service delivery	Personnel expenditure is 31.16% of the operating budget	Maintenance of a proper personnel structure and the freezing of non-essential vacancies on an ongoing basis	Budget for 2005/2006 = 33,90%	
The percentage by which the staff complement is maintained above 85%	Filling in of posts within 3 months of them becoming vacant	5% reduction in unfilled posts above the staff complement which is maintained above 85%	Maintenance of the standard of service delivery	Staff levels are below 85% of the official staff complement	Achieve a staff complement of 90% or higher by December 2005	T&F = 93% CS = 86% F = 88% PS = 80% Total = 87%	
Percentage of Operating Budget allocated to maintenance of capital assets	Ensure maintenance according to program for all capital assets over expected economic life span Record in Asset Register according to the Implementation Plan and provide in operating budget	5.5% of the direct operating expenditure is actually spent on the maintenance of assets	Standard of capital assets maintained at highest levels possible	Expenditure for maintenance of capital assets kept at 6.4% of the direct operating expenditure	Proper maintenance of capital assets done on an ongoing basis	Budget for 2005/2006 = 7,31% Actual for 2005/2006 = 6,95%	
Percentage at which employee satisfaction with their overall working conditions is maintained at above 50%	Do a continuous assessment of overall working conditions with the view to improving them where and when necessary Approach Unions of employees with a view to improving workplace relations and forging partnerships	20% of employees rate their satisfaction level with working conditions at above 50%	Job satisfied employees who are motivated and committed	No indicator available	Ensuring that a minimum of 20% of employees rate their satisfaction level with their overall working conditions above 50% on an ongoing basis	51% (510) staff participated in the actual survey. All rated their satisfaction level above 50%.	

<p>The percentage of the municipal budget actually spent on implementing the skills development plan(NKPI)</p>	<p>Allocate adequate funds to ensure the implementation of the Skills Development Plan</p> <p>Organize and run programmes on skills development with employees</p>	<p>0.15% of the municipal budget actually spent on implementing the skills development plan</p>	<p>Improved service delivery</p> <p>Better skilled and performing employees</p> <p>Community satisfied with service delivery</p>	<p>0.06% is actually spent on implementing the skills development plan</p>	<p>Organise training or workshops to provide skills to employees by June 2006</p>	<p>Budget for 2005/2006 = 0,18%</p> <p>Actual for 2005/2006 = 0,14%</p>	
<p>The number of people from employment equity target groups employed in the three highest levels of management in compliance with the approved employment equity plan(NKPI)</p>	<p>Ensure specifics in compliance with the Employment Equity Act are included in advertisements for employment positions</p>	<p>Increased number of people(13 out of 25)employed in the three highest levels of management in compliance with the Employment Equity Act</p>	<p>Employment in the three highest levels of employment reflect the composition of the population in the country</p>	<p>Employment in the three highest levels of management does not reflect the composition of the population as expected by the Employment Equity Act and is (13 out of 25)</p>	<p>Biased appointment of staff in favour of employment target groups in the three highest levels of management when filling vacancies on an ongoing basis</p>	<p>15 out of 25 employed in the three highest levels of management.</p> <p>One vacant post.</p>	
<p>Number of Multi-Purpose Community Service Centres created and commissioned</p>	<p>Provision of buildings, furniture, equipment and capacitated staff</p>	<p>2 Fully functional Multi-Purpose Community Centres</p>	<p>Communities have access to a variety of services</p>	<p>Limited access to services due to distant community facilities</p>	<p>Creation and commissioning of 2 Multi-Purpose Community Centres by June 2006</p>	<p>Doornkop agreement signed December 2005. Contractor appointed and construction started. 50% complete Mhluzi Ext 7. Not sufficient funds. Tender could not be awarded. Rolled over to 2006/2007.</p>	<p>First phase of Doornkop completed in 2006/2007. Building work at Ext 7 has commenced.</p>

Table 2 Service Delivery Perspective

KPI	Input Indicator	Output Indicator	Outcome Indicator	Baseline Indicator	Target	Actual Achievement	Measures to improve performance
Percentage of households earning less than R1 100 with access to all free basic services(NKPI)	<p>Application forms for free basic services made freely available at all municipal offices, paypoints and with Ward Councillors</p> <p>Municipal staff available to further explain and to assist with completion of application forms</p>	80% of households earning less than R1 100 who have access to all free basic services	Relief to poverty stricken households as a result of access to free basic services	Not all poverty stricken households have access to all free basic services	Ensuring that all households earning less than R1 100 have access to all free basic services by June 2006	<p>36228 households in municipal area. 91,5% (33149) have access. 300 erven in Tokologo and Ext 24 provided with water (0,83%). 354 biological toilets at Doornkop completed. (0,98%). 693 stands provided with electricity in Doornkop, Tokologo and Ext 24 (1,91%). Average increase 1,24% which means 92,7% have access.</p>	
Percentage of residents participating in the Council's Free Basic Services Programme	<p>Information given at ward community meetings</p> <p>Information carried in the Masakhane Newsletter published per quarter</p> <p>Utilising slots on local Radio Stations to market the services to the community</p>	<p>60% increase in the number of residents who apply to participate in the Council's Free Basic Services Programme</p> <p>Processing of all applications received for Indigent Support within 21 working days</p>	Relief to needy households who receive free basic services	Not all (only 1 902) deserving households are participating in the Council's Free Basic Services Programme	Ensuring that all deserving households participate in the Council's Free Basic Services Programme	<p>Registered indigents December 2007 = 10292</p> <p>March 2006 = 10518</p> <p>June 2006 = 11926</p>	

Percentage of households having access to a basic level of water, sanitation, electricity and solid waste removal(NKPI)	Investigate alternative ways of providing water in the rural areas Drill 10 boreholes on farms where the need exists Provide piped water in new developments	32888 households have access to basic level of drinking water	High level of satisfaction by the communities on the manner in which the municipality delivers water services to them	All households in the urban areas receive piped drinking water	Providing a basic level of drinking water to all residents in the municipality by June 2006	300 erven in Tokologo and Ext 24 provided with water. Provide water to residents in rural area by means of water tankers. 33449 households have access.	
Maintenance of the zero number of reported incidents of waterborne diseases	Drilling of 10 boreholes on farms where the need exists	Zero number in reported incidents of waterborne diseases	No incidents of waterborne diseases reported	No waterborne diseases reported-		No waterborne diseases.	
Percentage reduction in the number of spots identified as filled with garden refuse/garbage at illegal places	Adequate supply of containers/collection points for garden refuse/garbage placed at strategic points throughout all the townships Appointment of temporary employees for cleaning purposes	50% decrease in the number of spots where garden refuse/garbage is dumped illegally	Clean and healthy environment throughout all the townships	73 spots identified as being in need of garbage containers to address the cleanliness and health environment of residents	Providing garbage containers at identified spots and regular emptying thereof on an ongoing basis	Spots reduced to 65 through education and law enforcement.	Further training to be provided and funds must be provided to purchase additional mass containers
Rate at which municipality provide refuse collection services in the urban areas	Adequate refuse collection vehicles and personnel	Refuse collection once per week per household in the urban areas	Clean and healthy environment throughout all the townships	Refuse removal done at least once per household per week	Ensuring that refuse removal is done at least once per household per week on an ongoing basis	Level of service was maintained. Seven additional posts were filled. Service extended to new developments in Aerorand, Ext 18 & Tokologo.	
Percentage of residents who rate our service delivery manner and speed above 80% satisfaction level	Prompt and efficient provision of all municipal services	60% of the residents whose satisfaction level is above 80% regarding the delivery of municipal services	High level of satisfaction by residents on the manner in which the municipality delivers services to them	No baseline indicator is available	Increasing the rating of service delivery by the municipality to 80% and above and keeping to this rating level on an ongoing basis	Information obtained from the complaint and suggestion boxes indicate a satisfaction level of 61%.	
Number of kilometers with which gravel roads are reduced through tarring	Adequate funds for road works and stormwater drainage	Tarring of 7,2 km of gravel streets in urban areas	Short traveling distances and safe streets between areas	Several km of untarred streets in urban areas	Tarring of gravel streets by June 2006	8,06 km of roads were tarred. Full allocation on capital	Ongoing process. Funds to be provided on new budget.s.

<p>Number of kilometers of newly constructed roads and road connections</p> <p>Number of kilometers of new roads/streets in new developments</p> <p>Number of metres of storm water drainage pipes laid in the urban areas</p>	<p>system</p> <p>Adequate funds for road works in new developments</p> <p>Adequate funds for road works in new developments</p> <p>Adequate funds for the laying of a storm water drainage system</p>	<p>1,5 km of regraded and 160km of graded roads in the rural areas</p> <p>15 km of new streets opened up in the new developments in urban areas</p> <p>1,4km pipes, 1,1km channels, 250m subsurface of storm water drainage in the urban areas</p>	<p>in the urban areas</p> <p>Improved accessibility and safe roads between areas</p> <p>Short traveling distances and safe streets between areas in the urban areas</p> <p>No threat from uncontrolled storm water during heavy rains</p>	<p>Unsatisfactory quality of graded roads on the farms</p> <p>No formal streets in new developments</p> <p>Lack of several km of storm water drainage pipes along streets in the urban areas</p>	<p>Improving the quality of graded roads on the farms by June 2006</p> <p>Construction of streets in new developments in the urban areas by June 2006</p> <p>Laying of storm water drainage pipes along streets in urban areas by June 2006</p>	<p>budget was used.</p> <p>30,8 km of gravel roads maintained</p> <p>15,81 km of roads opened up in Aerorand, Tokologo and Ext 24.</p> <p>3000 m of drainage pipes. 1010 m channels. 769 m sub-surface drainage. Installed in Klip, Dr Beyers Naude, Totius, Ext 24 and Kwazamokuhle Ext 7.</p>	
<p>Number of sports fields developed</p>	<p>Funds made available for the provision and maintenance of sport and recreational facilities</p>	<p>At least 2 sports fields developed</p>	<p>Adequately supplied, satisfied and sport participating community</p>	<p>Inadequate sports facilities throughout the municipality</p>	<p>Providing at least 2 sports facilities and equipment throughout the municipality by June 2006</p>	<p>Created soccer fields at Doornkop, entrance to Kwazamokuhle, Ext 24 Nasaret & Tokologo.</p>	
<p>Number of new parks, open spaces and recreational facilities developed, repaired or maintained</p>	<p>Funds made available for parks and playing equipment</p>	<p>2 new parks and open spaces developed</p> <p>Budgeted amount spent fully on recreational facilities</p>	<p>Highly satisfied community which utilizes the facilities</p>	<p>Inadequate number of parks and open spaces for the community in the urban areas</p> <p>Inadequate recreational facilities in the urban areas</p>	<p>Opening up of new parks and open spaces in the urban areas by June 2006</p> <p>Providing adequate recreational facilities in the urban areas by June 2006</p>	<p>Second phase at park 3061 Mhluzi, Erf 2629 Mhluzi, Fourth phase at Cowen Ntuli street Entrance, Park 880 Pullenshope, Miiddelburg dam caravan park.</p>	
<p>Number of areas where land for the development of new cemeteries has been acquired</p>	<p>Adequate funds made available for the acquiring of land for the development of new cemeteries</p>	<p>Number of areas where land has been acquired for the development of new cemeteries</p>	<p>Satisfied and relieved community</p>	<p>No land is available for the development of new cemeteries</p>	<p>Acquiring land for the development of new cemeteries by June 2006</p>	<p>Sites identified at Komati and Pullenshope. Geotechnical investigations were done. Soil not suitable. Currently busy with negotiations for alternative sites/</p>	<p>Continue negotiations with Eskom to provide land at Pullenshope or Komati.</p>

Table 3 Development Impact Perspective

KPI	Input Indicator	Output Indicator	Outcome Indicator	Baseline Indicator	Target	Actual Achievement	Measures to improve performance
Number of new business ventures attributable to the municipality's LED initiatives	IDP posted on municipal website	10 new businesses or industries established	Availability of work opportunities for local residents	A limited number of investors are establishing businesses/industries	Attracting a significant number of investors to establish businesses and industries by June 2006		
Number of new jobs created through the municipality's LED initiatives including capital projects(NKPI)	Special incentives on purchase price of business/industrial sites by investors Provide for adequate funds in the budget	At least 3 500 man days employment opportunities to be created through capital projects	Increase in the number of residents who find employment	Inadequate job opportunities available	Creation of ± 3 500 man days employment opportunities(temporary)by June 2006	Jobs created through capital projects: TE 5271 TEE 451 CMBS 182	
Number of learners provided with learning experiences in the work place by means of learnerships	Employee contracts Coaching in the work place	Potential employees with basic work experience	Employable individuals Self-employable individuals	Potential employees are not employable due to lack of minimum level of work experience	Provide learnership contracts to 6 learners by June 2006	16 CDW's accommodated. 1 Intern on Town Plan.accommodated	
Number of job opportunities created as a result of the Extended Public Works Programme(EPWP)	Providing funds for labour intensive projects Identification of labour intensive project	Number of citizens who are employed in labour intensive projects	Reduced unemployment and poverty levels	Limited number of work opportunities within the municipality	Creation of ± 500 job opportunities(i.e. 500 man days)through the EPWP by June 2006	249 Persons employed through MIG Projects. 448 Persons employed by TEE 182 Persons employed by CMBS 330 Persons employed for grass cutting, etc.	

Number of awareness campaigns/workshops held	Adequate funds in the budget for organizing and conducting awareness campaigns	Report on 4 campaigns or workshops conducted	All the citizens in the municipal area have access to health care services	6 Awareness campaigns or workshops on HIV/AIDS were conducted	Conduct at least 8 HIV/AIDS awareness campaigns or workshops by June 2006	18 awareness campaigns held.	
Number of condoms distributed to members of the community	Order condoms from hospital and distribute through clinics and hotspots	17% increase in the number of condoms distributed to the community	All the citizens in the municipal area have access to health care services	70000 condoms distributed during the previous financial year	Distribute 70000 condoms by June 2006	132698 condoms distributed.	
Number of mothers who go onto the program on the prevention of transmission of the HIV from mother to child	Provision of information on the prevention of transmission of the HIV from mother to child and encouraging mothers to go onto the program	10% increase in the number of mothers who go onto the program on the prevention of transmission of HIV from mother to child	All the citizens in the municipal area have access to health care services	188 mothers are on the HIV program to prevent transmission of HIV/AIDS from mother to child	10% increase in the number of mothers who go onto the program on the prevention of transmission of HIV from mother to child by June 2006	2704 mothers counselled. 309 on Neviropine	
Number of clients on the DOTS program	Provision of information on the DOTS program	20% increase in the number of clients on the DOTS program	All the citizens in the municipal area have access to health care services	1003 patients participating on the DOTS program	20% increase in the number of clients coming onto the DOTS program by June 2006	2728 clients on the programme.	
Number of clients who are exposed to counseling and voluntary testing	Provision of information on voluntary counseling and testing	10% increase in the number of clients who are exposed to information on voluntary testing and counseling	All the citizens in the municipal area have access to health care services	1806 clients given information on voluntary testing and counseling	10% increase in the number of clients who are exposed to information on voluntary testing and counseling by June 2006	3789 voluntary counselling and testings done.	
Number of workplace health programs implemented or supported	Adequate funds on the budget for the implementation of workplace health programs	50% increase in the number of workplace health programs implemented.	All the citizens in the municipal area have access to health care services	2 Workplace health programs implemented/supported	50% increase in the number of workplace health programs implemented or supported by June 2006	3 programmes implemented /supported 8EAP Committee Meetings held	
The percentage of cases of children under the age of five who are provided with immunization against communicable diseases	Provision of immunization to children under the age of five against communicable diseases	10% increase in the number of children under five who are immunized against communicable diseases	All children under the age of five in the municipal area have access to health care services	54% of all children under the age of five are immunized against communicable diseases	10% increase in the number of children under five who are immunized against communicable diseases by June 2006	17594 children immunized.	

The percentage by which traffic collisions are reduced	Posting of traffic officers at all high risk areas Additional traffic calming measures constructed at high risk places	Reduced number of traffic collisions at high risk areas	No threat to safety of road/street users due to traffic collisions	Traffic officers not operating in all high risk areas Insufficient traffic calming measures at high risk areas	Ensure monitoring on an ongoing basis of all high risk areas by traffic officers by June 2006 Construction of additional traffic calming measures at high risk areas by June 2006	2986 man-hours spent at all high risk areas by Traffic Officers.	
The percentage of the capital budget actually spent on capital projects identified for a particular financial year in terms of the IDP(NKPI)	Monitor and ensure expenditure of capital budget on capital projects as identified in the IDP	80% of Capital budget spent on capital projects as identified in the IDP	High level of satisfaction by residents on the manner in which the municipality delivers projects as identified in the IDP with their involvement	80% of the capital budget is actually spent on the delivery of IDP capital projects	Ensuring that 80% of the capital budget is actually spent on IDP capital projects by June 2006	Capital Budget R106 958 583. Amount Spent R92 739 681 Percentage 86,71%	
Number of readily available residential sites for purchase by community	Funds set aside for the servicing of new stands for purchase by the community	146 serviced stands provided	Residents have access to serviced stands for the building of houses	Insufficient residential sites available for purchase by the community	Servicing of 146 residential sites for purchase by the community by June 2006	Created 38 stands in Mhluzi Ext 4. Provided electricity to stands in Aerorand.	Ongoing process. Funds to be provided on future budgets to service stands.
Number of additional church sites provided for purchase by church communities	Funds set aside for the servicing of church sites	7 additional church sites serviced	Satisfied church community	Insufficient church sites available for purchase by the church community	Servicing of 7 church sites for purchase by June 2006	Church erven created on stands 7489 Mhluzi Ext 4, 6386 Mhluzi, 12916 Mhluzi, Ptn 7 of erf 12941 and 5 at Kwaza Ext 7	
Number of additional sites created and serviced for low cost housing	Laying of infrastructure for low cost housing development	598 residential sites for low cost housing created and serviced	Available serviced sites for low cost housing allocations/subsidies	Inadequate serviced sites for low cost housing development	Creation and servicing of 598 sites for low cost housing development by June 2006	266 stands serviced at Kwazamokuhle. 286 stands serviced at Tokologo. MIG funds were not sufficient to complete.	Additional funds obtained from MIG for the 2006/2007 financial year.
Number of people visiting the libraries for information and study purposes	Visiting schools for marketing Publish in Masakhane News Utilising Library Committee for	Increase in the number of people visiting the libraries for information and studying	An educated and informed community	No baseline available	Increase the number of people visiting the libraries by June 2006	50 450 users visited the libraries.	

	marketing Utilising local Radio Station(GMFM)						
Number of libraries whose IT systems are linked to the main server	Purchase licence for the system	IT systems linked to main server	Easy and speedy access in retrieving information and communication between libraries	Libraries use manual systems and are not electronically linked to the main server	Linking all computer systems of all the libraries to the main server	Civic Centre, Mhluzi and Eastdone connected. The connectivity will be extended to other libraries as soon as the SITA proposal has been finalized . CM 16/06/20057	
Number of samples taken on air and noise pollution	Provision of adequate funds to enable sampling to take place	An increase of 10% in the number of samples taken on air and noise pollution	Ensuring that citizens have access to a healthy environment	108 samples on air and noise pollution taken	10% increase in the number of air and noise pollution samples taken by June 2006	154 samples on air pollution done	

Table 4 Governance Perspective

<u> </u> KPI	Input Indicator	Output Indicator	Outcome Indicator	Baseline Indicator	Target	Actual Achievement	Measures to improve performance
% of voting age population who believe that they are given the necessary information and opportunity to participate in matters of local government in their area	<p>Communication strategy developed and implemented</p> <p>Website updated on monthly basis</p> <p>Masakhane Newsletter released quarterly</p> <p>Ward meetings arranged</p> <p>IDP review meeting planned per ward</p> <p>IDP Forum meetings arranged</p>	<p>50% of voting age population who believe that they are given the necessary information and opportunity to participate in matters of local government in their area</p> <p>4 Publications of the Masakhane Newsletter</p> <p>6 Ward community meetings held</p> <p>6 Ward Committee meetings held</p> <p>6 Council meetings</p> <p>1 IDP Review meeting held per ward</p> <p>2 IDP Forum meetings held</p>	<p>A well informed and participating community in local government matters</p>	<p>An inadequate information system and limited participation in local government matters</p>	<p>Implementation of a system that enables the community to be informed and participate meaningfully on local government matters by June 2006</p>	<p>Communication strategy in place.</p> <p>New website launched, and updated daily.</p> <p>4 Masakhane newsletters (2 internal and 2 external).</p> <p>76 (4 per Ward)</p> <p>80 (4 per Ward)</p> <p>6 Ordinary</p> <p>7 Special</p> <p>23</p> <p>2</p>	
Number of effective ward committees	<p>Drafting and distribution of meeting agendas</p> <p>Distribution of invitations for ward meetings</p> <p>Typing of ward committee/community minutes</p>	<p>6 Ward community meetings held</p> <p>6 Ward Committee meetings held</p> <p>1 IDP Review meeting held</p> <p>2 IDP Forum meetings held</p>	<p>Inputs made or issues raised at meetings and number of community members attending the meetings</p> <p>Report on inputs made at Ward community IDP meeting</p>	<p>Insufficient and irregular consultation between politicians and the community</p>	<p>Convening of 6 ward community and 6 ward committee meetings by June 2006</p> <p>Conducting of 1 IDP review meeting per ward by June 2006</p> <p>Conducting 2 IDP Forum meetings by June 2006</p>	<p>24 Wards established and effective.</p> <p>4 Ward meetings</p> <p>4 Ward Committee meetings</p> <p>23 Ward (IDP Review meetings)</p> <p>2 IDP forums</p>	

<p>Number of inputs from previously disadvantaged individuals coming through suggestion boxes or call-ins or written letters</p>	<p>Communication strategy developed and implemented</p> <p>Suggestion boxes posted at strategic places</p> <p>munity awareness at ward meetings</p>	<p>535 inputs received through suggestion boxes or call -ins from previously disadvantaged individuals</p>	<p>Participation by previously disadvantaged individuals from the community on community matters</p>	<p>No baseline on inputs received from previously disadvantaged individuals through suggestion boxes or call-ins</p>	<p>Promote the submission of inputs by previously disadvantaged individuals by June 2006</p>	<p>535 inputs from suggestion boxes.</p>	
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