

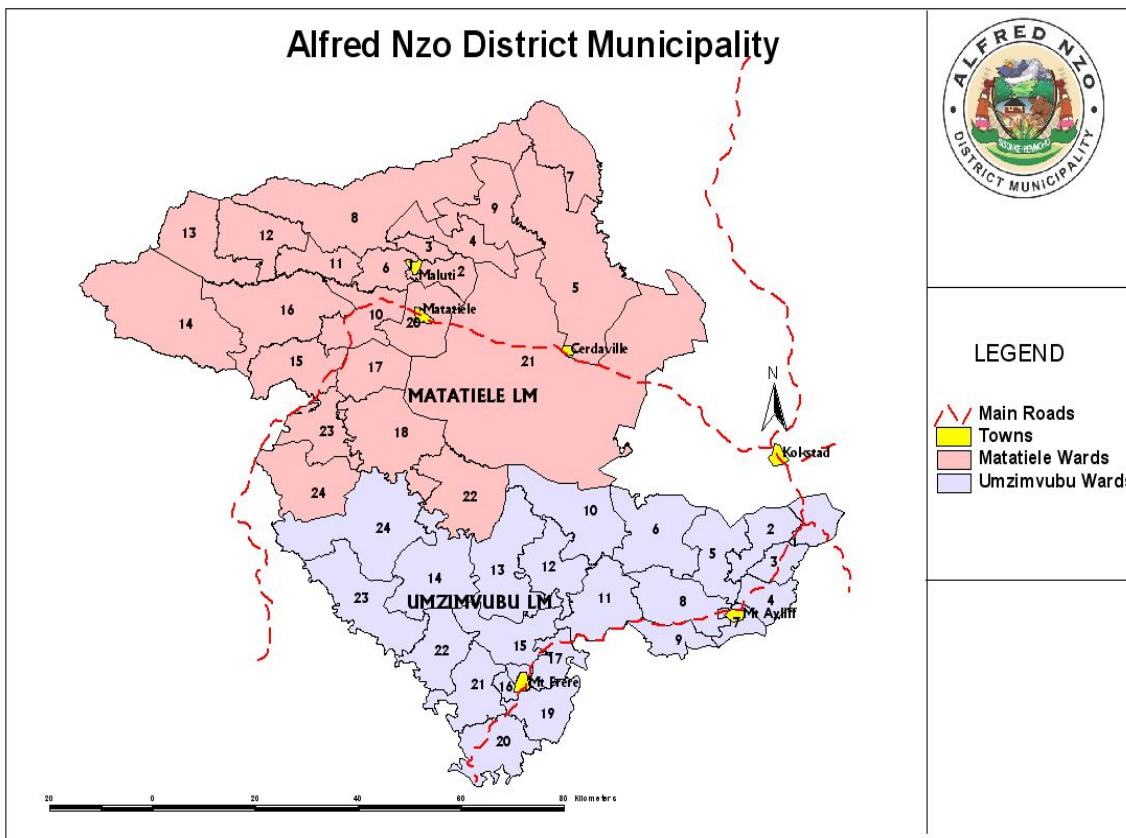


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MUNICIPAL DEMARCATION MAP FOR ALFRED NZO DISTRICT MUNICIPALITY [2005/06]





Message from the Municipal Manager



X. H. Jakuja: Municipal Manager

The 2005/06 Annual Report accounts for municipal activities and municipal financial performance as from 1st July 2005 to 30 June 2006. The Municipal activities presented in this annual report demonstrate a positive response by the municipality to the needs of the community that were submitted by the communities themselves towards the end of the previous year during the IDP review and budget preparatory outreach programme. The municipal disclosures made and financial statements included in this report serves to assure the residents and stakeholders of Alfred Nzo District Municipal that our organization shall never fail to be a accountable institution in the local government.

In 2005/06 financial year, the council adopted a total budget of R 232006417 of consisting of Capital Budget of R 164876452 and operational budget of R67129965 This budget funded the council operations to provide a better service for local community through institutional capacity building, effective operation and maintenance of existing infrastructure and implementation of capital projects.

To the community of Alfred Nzo District Municipality I wish to assure re you that those areas that could not be reached by our services afforded by the resources allocated for that financial year become the first priorities of our budget in the financial years that follow.

I wish to thank the councilors for their support and acknowledge the good work by the management and staff over the year and in particular I preparation of financial statements and this annual report.

Thank You;

MUNICIPAL MANAGER



The Mayoral Committee



Cllr G.G. Mpumza Executive Mayor



Cllr M. M. Nyamakazi

Portfolio Head
Infrastructure Development



Cllr N. P. Goya

Portfolio Head
Budget and treasury



Cllr L. Tshiki

Portfolio Head
Human Resources



Cllr V. N. S. Mdingazwe

Portfolio Head
Economic Development



CHAPTER 1

Overview Of the Municipality

- Mayor's Foreword
- Overview of the Municipality
- Executive Summary



1.1 Mayor's Foreword



Cllr G.G. Mpumza
Executive Mayor

It is an honour and a privilege to continue serving the community of Alfred Nzo District municipality as the Mayor. Step by step, we realise our mission to create self-sustainable livelihoods becoming a reality. The 2005/06 financial year moved us a step further in realising that mission. By taking stock of our performance in the year under review compared to our past achievements, I am proud to present the 2005/06 Annual report which advocates what Alfred Nzo District Municipality delivered to its community in the year ending 30 June 2006 towards achieving the goals of our mission.

In 2005/06 financial year we partnered with the Provincial Auditor General in the workshop on the implementation of the MFMA. This highlights how our municipality is seized with strategies of how best to implement provisions of MFMA for sound Financial Management objectives.

The year under review has seen policies being developed and reviewed, major projects being completed and other projects beginning in an effort to reach our community with services that meets their most pressing needs. One of the highlights of the year is the full rolling of the rural VIP sanitation programme that provided .households with proper sanitation facilities by end of the year. The Municipality also extended its commitments to proper sanitation facilities at Maluti, Mount Frere. The sanitation programme resulted in creation of job opportunities. Other infrastructure development projects include extension of water services infrastructure to rural areas in an effort to reach the poor households with at least basic level of water services.



We consider local economic development the municipality's great challenge. At this point, would like to make few highlights; the establishment of functional co-operatives to enable the community members to take part in the economy of the district..

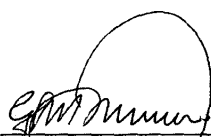
Social cohesion is equally a developmental priority of our municipality. Alfred Nzo District Municipality has been in the year under review in showcasing societal values, customs traditions and norms within our communities. The Municipality staged various moral regeneration activities, sport activities, traditional dances and cultural activities that continue to unite a diversity of our community and encourage the younger generation to refrain from criminal activities.

I wish to thank those who have made effort to visit our municipal area and witnessed our performance in serious service delivery. At this note I wish to highlight the visit by German delegation that was taken through our anchor projects in the year under review.

These highlights of the make me believe that our vision to become a self-sustainable municipality is achievable within the shortest space of time afforded by our resources.

Finally, I would like to thank all municipal workers and my fellow councilors for their day-to-day work aimed at keeping the municipality can not be a vibrant place in which to live.

THANK YOU



G.G. MPUMZA
HONOURABLE EXECUTIVE MAYOR



1.2 Overview of the Municipality

1.2.1 GEOGRAPHIC PROFILE

Alfred Nzo District Municipality stretches from the Drakensberg Mountains, borders Lesotho in the West, Sisonke District Municipality to the North and O.R. Tambo District Municipality in the East and South. The District has a total surface area of approximately 6858 square kilometres and is sub-divided into Matatiele and Umzimvubu local municipalities occupying approximately 2506 and 4352 square kilometres respectively. The local municipalities are composed of three former Transitional Local Councils (TLCs) or towns, Mount Frere, Mount Ayliff and Matatiele and one R293 township, Maluti as well as three former Transitional Rural Councils (TRC). The former Transitional Rural Councils are now part of the two local municipalities, Matatiele and Umzimvubu.

Alfred Nzo is one of the four District Municipalities in the Eastern Cape Province, which due to its economic status was declared a node which requires injection in terms of investment, for the sole purpose of changing for the better, the livelihoods of its communities. Alfred Nzo municipal area is naturally well vest with resources of a significant nature. Potential resources that exist within Alfred Nzo municipal area include:

- Agriculture in the form of crop production, fruit production, livestock farming
- Tourism related to arts, crafts, scenery, wildlife, wetlands, and cultural heritage.
- Fishing within dams and rivers.
- Forestry and value addition Strides
- Water resources for development



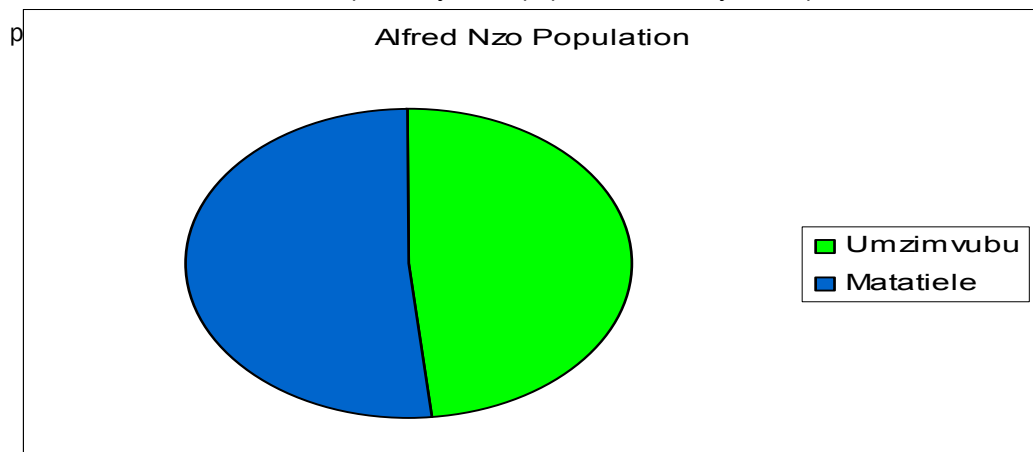


1.2.2 DEMOGRAPHIC AND SOCIAL-ECONOMIC PROFILE

Total Population & Population density

	Total Population	Area per square km	Population density
Matatiele	211 165	2506	30
Umzimvubu	197 350	4352	155
Alfred Nzo	408 515	6858	69

The population figures in Alfred Nzo District Municipality are approximately 408 515 for the entire district municipality, 211 165 and 197 350 for Matatiele and Umzimvubu respectively. The population density is 68 persons



1.2.3 PHYSICAL INFRASTRUCTURE



Water Services

Approximately 3% of the population has household connections, 18% households have yard connections and 37% households have access to water through community standpipes that are within a distance of 200m away from their dwelling units. 52% households get



water from community standpipes that over 200m away from their dwelling units.

Sanitation Services

By the end of the year under review, there were 19,840 households having sanitation at the recommended RDP levels, out of which 2,370 households have flushed toilet, 928 households have flushed septic tanks, 5,379 households have chemical toilets and 1,163 have VIP toilets. A number of 70,771 households have pit latrine type of sanitation and about 1,722 households are using a bucket system of sanitation.

Electricity

About 43,528 (35%) households have access to basic electricity services, of which 41,400 households are connected to grid electricity while 2,128 households have Solar Electricity. Approximately 6% of households still use candles and about 59% use paraffin. The average rate of electricity household connection per annum is 3,100 households in grid electricity and 425 households in Solar Electricity.

Telecommunications

The majority of the population has no access to telephones. About 71% of the population in the District Municipality have no access to telephones whereas 10% have access to public phones

Housing

Alfred Nzo District Municipality has 32,679 formal houses, 2,845 informal houses and 87,314 traditional houses. The development of low income and middle income housing has been slow. The hindering factors have been the land claims, the lack of housing units.

1.2.4 INSTITUTIONAL CHANGES

Internal Changes

In 2005/06 financial year, the extension of municipal offices with two additional blocks was completed and other departments were relocated into new blocks. This created more office space and enabled the municipality to employ more staff which enhanced the capacity and effectiveness of the municipality to deliver its mandatory obligations.

External Changes

In the year under review, there were no major external changes that affected the operations of the municipality.



1.3 Executive Summary

1.3.1 MISSION

To create self-sustainable livelihoods through maximum utilisation of natural resources, improvement of human capacities and skills in an integrated manner, that coordinates government people's programmes, which ensure meaningful participation.

VISION

A self-sustainable municipality, which will stimulate social-economic growth and development by 2014.

1.3.2 CORE BUSINESS OF THE MUNICIPALITY

The core business of the Alfred Nzo District Municipality is governed by the principal objectives of the local government, in line with the power powers and functions assigned to it. In this respect, the core business of the municipality includes:

- Institutional governance
- Local Economic development
- Infrastructure development and service delivery within assigned powers and functions
- Social development and community support
- Environmental management
- Institutional support to local municipalities.

1.3.3 DEVELOPMENTAL PRIORITIES AND GOALS

Developmental priorities and goals of Alfred Nzo District Municipalities are formulated from the IDP processes, which are reviewed annually based on the pressing needs of the community and challenges that our communities are facing to better their lives. The main challenges facing the living society of Alfred Nzo District Municipality include:

- Low income levels
- Insufficient infrastructure to access basic services
- High levels of unemployment
- Inadequate social and health services due to limited number of schools, clinics, hospitals and recreation facilities.
- Land claims hindering development that would benefit lager society
- Environment related constraints such as land degradation.



Based on the challenges outlined above the following are key development priorities for Alfred Nzo District Municipality;

Local Economic Development

Alfred Nzo District Municipality has developed a Local Economic Development Strategy with the aim of identifying and utilizing local resources and skills to stimulate local economic growth and development.

- Facilitation of sustainable development of local resources, ideas and skills in order to create jobs, eradicate poverty and build the local economy
- Development and promotion of sustainable tourism activities that enhance local economic growth
- Promotion of integrated and sustainable development in the rural areas,
- Promotion of a pollution free environment

Infrastructure Delivery

- Provision of efficient, sustainable, economical and affordable access to water and sanitation for all communities.
- Provision of effective vehicular access to all communities by means of affordably maintained access roads.

Social Development

- Management and monitoring of community's programmes for community development, poverty alleviation, and humanity support, revival of moral regeneration, sport development and Social facilitation.
- Promotion of culture of "UBUNTU" provides support on communities living in health challenges and risks.
- Enhancement of cultural values and social values.
- Inculcation of health and hygiene practises among the community through intensive awareness and motivation programme.

Poverty Alleviation

- Promotion of household food security gardens for the impoverished households, child headed families and HIV/AIDS affected households.
- To ensure vehicular access to all communities by means of affordably maintained access roads.



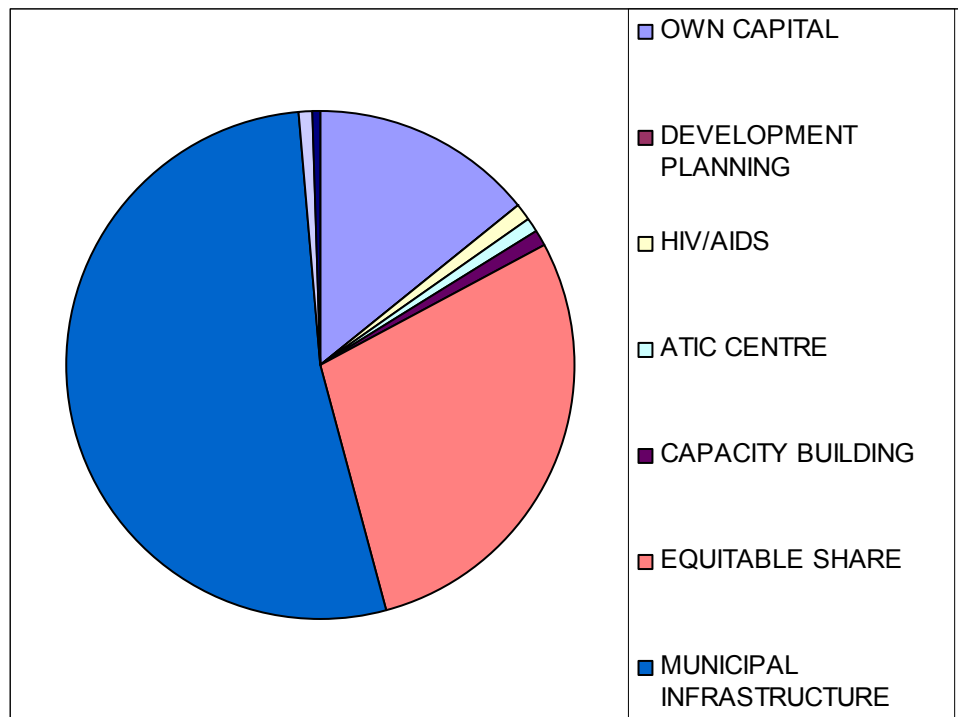
Institutional Development and Capacity Building

- Establishment of enabling office infrastructure and systems for effective performance and communication of administrative and political mandates.
- Employment of skilled and adequate human resources to ensure that the municipality is able to perform the allocated powers and functions for the benefit of the community.
- Promotion of household food security gardens for the impoverished households, child headed families and HIV/AIDS affected households.

Special Programmes

- Development and maintenance of municipal communication strategy
- Ensuring that special community groups that are marginalised due to various physical challenges (such as disabled) are involved in and benefit from municipal service delivery programmes.

1.3.4 MUNICIPAL FINANCIAL PROFILE



A photograph of a rocky stream flowing through a forest. The water is clear and flows over large, smooth, light-colored rocks. The surrounding area is lush with green grass and small plants.

CHAPTER 2

Performance Highlights

- Mayor's Foreword
- Overview of the Municipality
- Executive Summary



2.1 Review of Municipal Programmes

2.1.1 STRATEGIC INTERVENTIONS BY THE COUNCIL

In order to fast track service delivery in the neediest areas, the office of the Executive Mayor implemented various projects as part of his continuous strategic programmes and interventions;

Establishment of the FNB Branch in Mt Ayliff

The establishment of the FNB branch in Mt Ayliff was a direct response of the Council of Alfred Nzo District Municipality to the pressing needs of the community. The local community had to travel for long distances to access banking facilities to surrounding towns of Mt Frere and Kokstad, which costed the poor and the aged the little token that they would have otherwise preserved for a living. The FNB branch became fully operational in the year under review and is established within the new offices of Alfred Nzo District Municipality.



Special Projects

The Council through the office of the Executive Mayor accomplished some projects as strategic interventions on community needs that arose during the year under review. These include;

- i. Disaster response and rehabilitation at Osborn Senior Secondary
- ii. Micro projects to support the youth, women and disabl

2.1.2 BUDGET AND FINANCE ADMINISTRATION



Budgeting

As is the case in for every financial year, our budget processes started prior to the beginning of the financial year under review. Our budget is governs the roll out of our IDP priorities that represent the most pressing needs of our community. An outreach programmes was undertaken to inform our community about the implications posed by the limiting budget in implementing the projects identified to deliver infrastructure in their respective areas. Our 2005/06 budget was adopted by Council on 13 June 2005.

The total budget for 2005/06 financial year was R 234 million. The major component of the budget was funded from MIG and Equitable Share

Finance Management Systems

In 2005/06 financial year, our activities in Finance Administration were dominated by institutional adjustments in complying with the MFMA. A new Integrated financial system (SAMRAS) has been established to enhance the quality of services that the department is rendering.

Revenue Collection

Beside various challenges faced by our municipality in enhancing the revenue base, which are influenced by the disadvantaged geographical positioning of our area relative to the national core economic activities, there were various strategies that were put in place to enhance revenue collection. These include:

- i. Improving the billing systems
- ii. Updating and maintaining the data base
- iii. Effective application of credit and debt collection policy
- iv. Support systems, viz, more staff personnel
- v. Establishment of essential infrastructure
- vi. Increase of pay points through establishment of satellite offices.

Policy Development

The following financial policies were developed in the year under review;

- i. Credit Policy
- ii. Investment Policy
- iii. Asset Management Policy
- iv. Supply Chain Management



2.1.3 HUMAN RESOURCE DEVELOPMENT AND CAPACITY BUILDING

Labour Relations

Implementation of collective agreements and organizational rights agreements had been a success in the year under review; e.g. the formation of the Local Labour Forum, implementation of the medical aid collective agreement. Various adopted policies were reviewed to ensure compliance with statutory labour laws and schedules.

Employment Equity Plan

Our Employment Equity Plan is an active employment framework that is reviewed annually according to the requirement of the Employment Equity Act No: 55 of 1998. Our organisation structure had been changed in the year under review and, as a result, our Employment Equity Plan was reviewed to ensure that the Employment Equity Plan is implemented to meet the targets of the organisation structure.

Policy Development

The following policies pertaining to human resources management were reviewed in the year under review

- i. Cellular Policy for Councillors
- ii. Cellular Policy for Officials
- iii. Subsistence and Travel Allowance
- iv. Employment Equity Policy
- v. Occupational Health and Safety Policy
- vi. Performance Management Policies
- vii. Reward Scheme

The following new policies were adopted by Council in the year under review.

- i. Leave Administration
- ii. Termination of Service

Occupational Health and Safety

Occupational Health and Safety unfolded since the Department of Labour had passed several legislations and regulations. Alfred Nzo District Municipality aims at applying world-class Health and Safety management practices that will lead to the achievement of OHSAS 18000 management systems. In compliance with the Occupation Health and Safety Act 85 of 1993, Alfred Nzo District



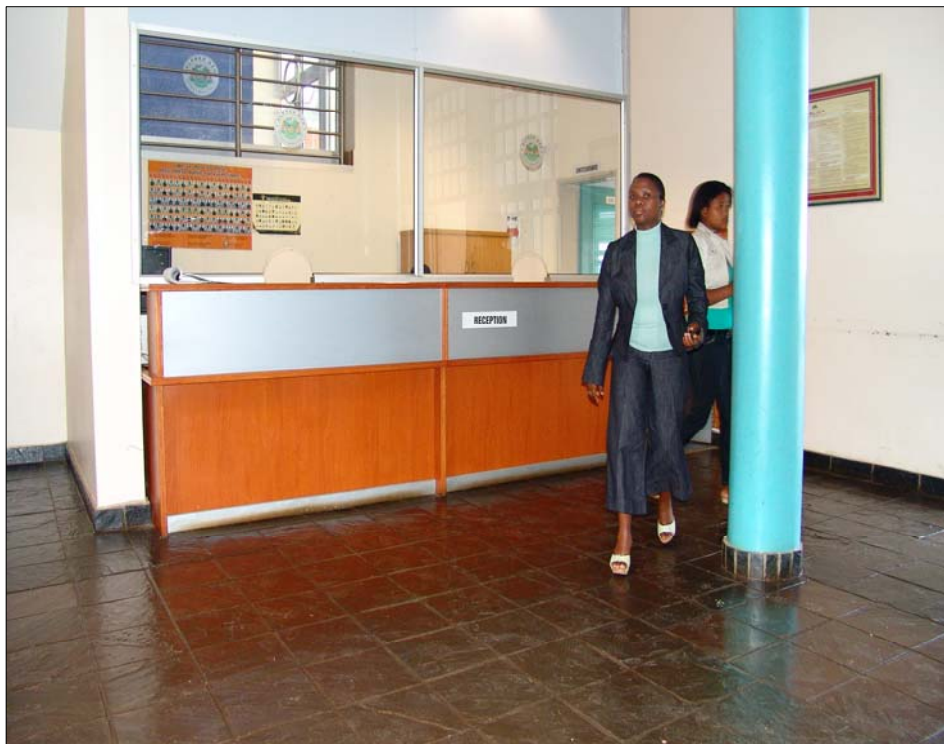
Municipality in consultation with the employees and trade unions formed an Occupation Health and Safety Committee which is composed of ten members.

Job Evaluation

We have managed to complete all Job Description Forms (JDFs) and Job Analysis Questionnaires (JAQs) for all the filled posts as per the adopted organogram, which were submitted to the Principal Job Evaluation Committee (PJEC) for Region 5 in Umtata. We are currently dealing with the vacant posts and the recently filled posts. In the year under review, JDFs and JADs were completed for ninety three (93) posts out of one hundred and ten (110) posts in the adopted organogram. Our target is to complete the JDFs and JADs for all posts in the adopted organogram.

Customer Care

One of the most significant highlights is the municipality's highest level of customer care. In the year under review, Alfred Nzo District Municipality made a remarkable improvement in access to our services by our customers, local community, service providers and other stakeholders. Our premises are also easily accessible by persons with disabilities. Improving our call centre and the reception area is one of the highlights of the year under review.





2.1.5 INFRASTRUCTURE DEVELOPMENT

The introduction of a dedicated Project Management Unit within municipalities resulted in re-allocation of responsibilities within the function of infrastructure development. While the Project Management is responsible for implementation of capital project, the sub-directorates of Infrastructure Development are tasked with the responsibility of operation and maintenance of existing infrastructure. Our activities of the year ensured that our community continue to receive basic services and ensure that condition of the infrastructure is kept in good condition so that no new backlog is created by dilapidated infrastructure.

OPERATION AND MAINTENANCE OF WATER AND SANITATION INFRASTRUCTURE

The operation and maintenance in water services include source protection, refurbishment of dilapidated infrastructure components and carting water to areas hit by seasonal drought. The entire section responsible for operation and maintenance of water infrastructure consists of new personnel established in the year under review.

Alfred Nzo is predominantly a rural area with about 126 000 households spread over four (4) towns and the surrounding rural areas. During the year under review, water services were provided to about 70 000 households supplied from 151 stand alone rudimentary rural water schemes and six (6) regional schemes (transferred from DWAF). Of the 151 rural schemes about 34 schemes are driven by diesel engines and about 40 by electricity. The rest are gravity fed.

The annual cost of water provision is in the order of R68 per capita or R326 per household. The total water provisioning cost is in the order of R23 mil.

OPERATION AND MAINTENANCE OF TRANSPORT, ROADS AND PUBLIC WORKS

Although no road maintenance was done during the period under review, some the municipality introduced an operation and maintenance plan to be included in the municipal budget. The municipality granted a budget of R6 mil for road maintenance to be included in municipal budget of the following financial year. A total of 250 Km of roads are earmarked for light maintenance (labour intensive) at a cost of R1,75 mil and 85 Km of medium and heavy maintenance at a cost of R4,25 mil.

In total about 1,980 Km of roads have been constructed in Alfred Nzo Region since 2000 at a cost of about R158 mil. All these roads shall be put on planned maintenance programme.



Building, Electricity and Telecommunications The following table indicates the building projects executed during the year under review.

PROJECT NAME	PROJECT DESCRIPTION	PROJECT FUNDING		COMMENTS/PROGRESS ON PROJECT IMPLEMENTATION
		ALLOCATED BUDGET	EXPENDITURE	
ALFRED NZO MUNICIPAL OFFICES PHASE 2 in Mount Ayliff	Construction of East and West wing (BLOCK B & C) and staff parking	3,000,000		Construction of Block B & C completed 27 April 2005. Site Works completed 14 June 2005. Project in the retention period
		12,000,00	13.7 MLN	
MT FRERE TOWN HALL and NEW OFFICES	Construction of town hall building	7, 638 408	11 MLN	Retention period pending. Electricity connected.
UMZIMKHULU TRADITIONAL OFFICES	Construction of Hall and Offices	350,000		Practical completion and handing over to the LM conducted on the 22.07.05. Lm to arrange electricity connection with ESCOM
		168,000	470 000.00	
PILOT HOUSES CLYDESDALE in Umzimkulu	Construction of 30 Houses	553,303	280 000.00	Project in progress 30% completed
UMZIMVUBU GOAT PROCESSING FACILITY	Shopping complex	2,000,000	2,000.000.00	Completed 100% and is in the retention period
KWAKHETHA HYDROPONICS TUNNELS	Earthworks	850,000	To be submitted by LED	Terraces 95% complete. Dam construction started 13th May 2005. and is in progress stage



IMPLEMENTATION OF CAPITAL PROJECT

Our municipality continued to implement capital projects with an effort to reduce the huge backlog in infrastructure development that we are facing in our municipal area. The performance highlights in delivery of capital projects for 2005/056financial year include:

Water Projects

A total of twenty seven (27) water projects consisting of seventeen (17) projects funded from MIG and ten (10) projects funded from DWAF were being implemented in the year under review.

- Out of the seventeen Water Projects, five projects have been declared complete by the end of the 2004/05 financial year: Mnambithi, Gobizembe, Tela, Gudlintaba, Mfulamkhulu Water Supply Schemes.
- Mfulamhle WS - This Project has been divided into five sub-contracts, which worked out to the benefit of more emerging contractors. Project is progressing well.
- Lourdes WS – Progressing well, although it had been experiencing labour problems.
- Outspan and Hebron WS – Construction progressing very well
- KwaZicwalile and KwaLunda WS - This project will be treated as two separate projects as per MIG requirements and expenditure purposes. Progress is satisfactory;
- Stranger’s Rest WS – progressing well nearing completion;
- Luyengweni WS had been awarded, contractor expected to report on site soon;
- Ndzongiseni WS started construction, and progressing well;
- All projects that were originally planned to be funded by DWAF are now in process of being registered with MIG to secure funding to enable physical implementation. These projects include; Lower Mkemane WS, Kroemhook WS, Gogela WS, Tsitsong (Malekhalonyana)WS Sigidini WS, Hlane WS, Hlomendlini WS and Mngungu WS
- The following projects were approved and will resume construction soon;
 - Mpoza and Gugwini Water Supply
 - Kroemhook WS has been approved, gone to tender.



Bucket Eradication Programme (BEP)

In the year under review, progress in implementation of this programme had been slow due to a limited allocation of R2.3mil for Umzimvubu, considering the challenges that Alfred Nzo District Municipality is facing of huge backlog in the provision of sanitation in our urban (Mount Frere and Mount Ayliff) and peri-urban areas (Maluti).

- R10m was approved for Mount Frere Sewerage, this was reduced from the original application of R17m, due to high component cost. Further funding is still required. This project is on tender and has been confirmed to EPWP.
- Thirty eight (38) households were still using the bucket system in Mt Ayliff town, 154 households in Mt Frere town and no households were still using the bucket system in Maluti town.
- A portion of the 04/05 allocation together with the 05/06 is planned to be utilised for a construction of a Connector Sewer Line to connect to the existing Bulk sewer line in the Sophia area and the bottom part of Mount Frere (Mt Frere South). This will eradicate 47 households from the bucket system.
- A Registration Form for Umzimkhulu had been submitted to the Province, as well as a technical Report to DWAF. Construction is expected to commence in 2005/06 financial year.

VIP Rural Household Sanitation

Rural VIP Sanitation Programme proved to be very much successful in the year under review. An approved amount of R71mil had been spent by end Dec 05; an application for Budget adjustment of R26mil has been requested from Council to continue with the programme until March 2006.

The sanitation programme created 12,061 jobs in the year under review. A total of 14,324 VIP toilets were completed by the end of the year under review. The table below indicates number of toilets completed compared to number of toilets planned for the year. It must be noted that production figures at Madiba Zone Centre are still low; this is due to the fact that the zone has been recently opened.



Zone	Ward Numbers	No of persons Employed	Youth	Women	Units Planned	Units completed
Mt Frere	7,8,9,12,13,14,15,16	2 212	1 132	316		1 944
Mt Ayliff	1,1,3,4,5,6,7	5 776	2 840	666	4 995	3 900
Maluti	18,20,21,22,23,24	245	122	109	1800	3 047
Mzimkhulu	15,17	596	191	233	400	650
Nopoyi	4,8,10,11	1664	348	218	900	850
Mpakamisi Mhlaba	27,29,30,31,32	193	119	59	1500	497
Madiba	25,26,27	97	51	50	900	140
Batandwa Ndondo	6,8,10	746	300	246	566	327
Boy Gwagwa	1,2,3,4,5	532	349	193	3 429	2 969
Totals		12061			14 490	14 324

Urban Sanitation Projects

- Riverside Oxidation ponds has been completed but requires additional funding of R250 000.
- Ibsi Sewer Treatment Works is experiencing EIA problems - Design on hold and,
- Mt Frere Solid Waste has exhausted the approved budget of R500 000, Umzimvubu Municipality will provide counter funding of R 1 500 000.00.

Roads Projects

- A total number of 11 projects has been declared complete, – Mngwane, Luxwesa, Mnopomeni, KwaTwenty/Lucingweni, Mbuzweni, Mfulamhle, T58 – Gloucester, Ndideni , T17-Koli to Mdakeni , Marwaqa- Sayimani and Bethany Access Roads.
- The following roads were awarded in December 2004: Maritzeng Access Road, Zikhalini Access Road, Langkloof Access Road, Ntlabeni Access Road, Totaneg Access Road and Mazizini Access road,
- Ndarhala Access Road will be funded from Vote 5 for phase 1, MIG registration form submitted to Province for Phase 2.



ISRDP Anchor Projects

- There is a problem or a delay on finalisation of registration of MPCC, due to “HIGH” component cost, MIG has indicated that they can only fund up to R2,5m while the application required R8mil.
- A project team to conduct a “Needs Assessment” visited the site at Siphambukeni to finalise and introduce service providers to the community.

Financials

- MIG Allocation 2004/05 R 105 965 000,00
- Income Received R 105 964 612,00
- Expenditure End June 2005 R 97 960 057,64

Institutional: Water Services Authority Function

Section 78 assessment

Phase 1 of the Section 78 Assessment was completed. After submission of the various options, Council decided to explore also a few external options in order to get a complete holistic view as to all the possibilities available to Council for an informed decision. The first part of Phase 3 of the Section 78 Assessment was completed. As the first part of the phase 3 assessment concentrated mainly on financial data, it was decided to explore a further number of options, not only selected on financial criteria. At year end the DM was still engaged in this phase and it is hoped to complete the Section 78 assessment in the forthcoming





2.1.5 ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT

The municipality is involved in implementing, supporting and promoting activities that contribute to or offer the potential for economic growth and employment to the community of Alfred Nzo as a whole. In order to maximise the impact on local economic growth, our strategy is to embark on activities that individual businesses can not usually undertake. It is also the council's responsibility to show case the protection of the environment against malpractices that endanger the sustainable existence of the natural environment. The following activities are the highlights of Council's performance through to 30 June 2005;

Local Economic Development

- Goxe Cut-Flower: Ten hectares of proteas planted at Puffudershoek Farm
- WoodCluster: Four furniture manufacturing small businesses have been established in the Furntech incubation and training centre in Umzimkhulu
- Vegetable Production: 170 hectares of vegetables planted in 15 projects implemented in the year under review.

Promotion of Tourism

- Mehlodong Hiking Trails: Establishment of accommodation facilities were completed and are operational in Madlangala, Machekong, Mpharane, Motseng and Masakala.
- Preparation of Ntsizwa & Mvenyane Business Plan completed. Hiking trails from Mvenyane through to Ntsizwa and Skhemane village. The trails will include village accommodation, a conservation area, river rafting, mountain climbing, cave exploration and accommodation facilities



Machekong chalet is situated below the 3 sisters and twins mountain formations



Environmental Management

The municipality conducted workshops to three schools as part of awareness campaign on environmental management. An environmental management forum was established in Msukeni.

Waster Management and Pollution Control

In the year under review, the municipality continued to promote awareness of waste management and pollution control by which induction sessions were held at two (2) schools as a grass root level campaign.

2.1.5 SOCIAL DEVELOPMENT

Poverty alleviation

The municipality continued to implement a food security programme in various centres within the municipal area. The programmes included supply of seedlings, fencing of community gardens and development of irrigation systems for community gardens. The following communities benefited from the poverty alleviation programme in 200/506 financial year;

- i. 50 households in Bhonga Umzimvubu ward 8.
- ii. 50 households in Mnqilweni Umzimvubu
- iii. 50 households in Upper Mvenyane Matatiele ward 10

Community Development

The highlights for the 2004/05 financial year in community development include;

- i. Moral Regeneration Programme

Songs had been composed for Moral Regeneration Movement (MRM) and choirs competed successfully in the year under review. Alfred Nzo Choral Music has been in partnership with the office of Social development to carry out this event successfully. The MRM outreach was undertaken at tribal authority level which made remarkable impact in reviving moral values amongst the local society. We have also established Moral Regeneration Committees in the municipal area.
- ii. Sports Development

The highlights in sports development include revival of the District Sports Council and provision of support in organising sports competitions within the local areas.
- iii. Career Development

Four students were awarded bursaries from the 2nd year to further their studies in the field of engineering. Winter schools were provided in June last year where, by which teachers were employed to assist.

iv. Cultural Development

Traditional dances and cultural activities were promoted to boost moral values within the societies.



Mt Ayliff Group (Iqela)



Maluti Group (Intombi)



2.2 Backlog in Service Delivery

Backlogs in service delivery show the number of households that do not have access to the minimum services (level and standard) as specified by the relevant sector department or within the national policy. The service standard used in the area of Alfred Nzo District Municipality to determine backlog is as follows.

2.2.1 WATER SERVICES

Backlog in water services is defined as the number of households that do not have access to a minimum requirement of 6 kl of clean water per household per month within a distance of 200mm from a dwelling unit. The present backlog in water provision is about 56 000 households. This means households that are not provided with any form of water provision.

2.2.2 SANITATION SERVICES

Backlog in sanitation services is defined as number of households that do not have access to a minimum requirement of one VIP toilet per household.

2.2.3 REFUSE REMOVAL SERVICES

Refuse removal falls within the competence of the local municipalities. However, backlog in refuse removal is defined as number of households that do not have access to removal of refuse once per week.

2.2.4 ELECTRICITY SERVICES

Electricity also falls within the competence of the local municipalities with Eskom as Service Provider licensed to distribute electricity. Backlog in electricity services is defined as number of households that do not have access to 30 Kwh of electricity per household per month. The current backlog is 95 000 house holds

2.2.5 ROADS SERVICES

In Alfred Nzo municipal area, backlog in roads services is defined as total length of roads required to provide households with road service that meet the required minimum standard of a gravel access road.

There are approximately 1 980 Km of access roads that require urgent maintenance within the Alfred Nzo area. This includes roads constructed before 2001. One can safely assume that the under capacity within the DM (in terms of budget and personnel) leads to about 1 900 Km's of access roads not being maintained.



2.2.6 HOUSING SERVICES

Housing falls within the competence of the local municipalities whereby backlog in housing services is defined as number of households that do not dwell in a masonry house with a floor area of at least 40 m².

2.3 Relating Backlog to Municipal Spending

Service Delivery Backlog [*Note: Areas where data was not available are marked (-)*]

	30 June 2005			30 June 2006			30 June 2007		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Water Backlog (6kl per month)									
Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service)	-	9,336	2,068						
Backlogs to be eliminated (Percent - HH identified as backlogs / HH in municipality)	-	-	-	-	-	-	-	-	-
Spending on New Infrastructure to Eliminate Backlogs (Rand '000)	-	34,717	-	-	43,935				
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)	-	-	-	-	-	-	-	-	-
Total Spending to eliminate Backlogs (Rand '000)	-	-	-	-	-	-	-	-	-
Spending on maintenance to Ensure No New Backlogs Created (R '000)	23,100	17,726	17,726	25,410	14,228	14,228			
Sanitation Backlog (1 VIP Toilet per household)									
Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service)	101,838	14,490	14,324	87,514	15,830				
Backlogs to be eliminated (Percent - HH identified as backlogs / HH in municipality)									
Spending on New Infrastructure to Eliminate Backlogs (Rand '000)									



Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)									
Total Spending to eliminate Backlogs (Rand '000)									
Spending on maintenance to Ensure No New Backlogs Created (R '000)									

Service Delivery Backlog [Note: Areas where data was not available are marked (-)]

	30 June 2005			30 June 2006			30 June 2007		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Refuse Removal Backlog (once per week)									
Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service)									
Backlogs to be eliminated (Percent - HH identified as backlogs / HH in municipality)									
Spending on New Infrastructure to Eliminate Backlogs (Rand '000)									
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)									
Total Spending to eliminate Backlogs (Rand '000)									
Spending on maintenance to Ensure No New Backlogs Created (R '000)									
Electricity Backlog (30 KWH per month)									
Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service)									
Backlogs to be eliminated (Percent - HH identified as backlogs / HH in municipality)									



Spending on New Infrastructure to Eliminate Backlogs (Rand '000)								
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)								
Total Spending to eliminate Backlogs (Rand '000)								
Spending on maintenance to Ensure No New Backlogs Created (R '000)								

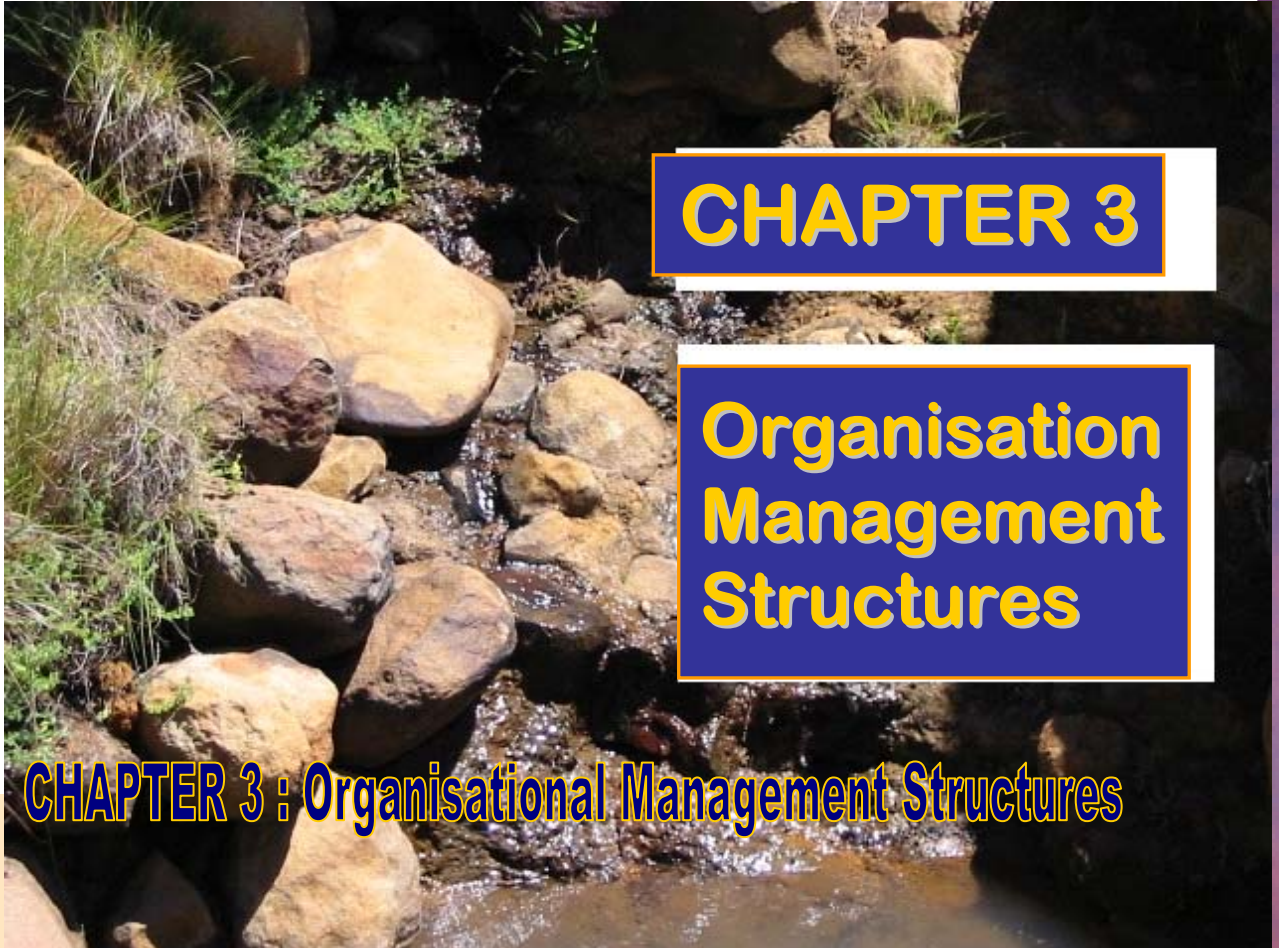
Service Delivery Backlog [Note: Areas where data was not available are marked (-)]

	30 June 2005			30 June 2006			30 June 2007		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Roads Backlog (Gravel Access Road)									
Backlogs to be eliminated (No KMs Not Providing Minimum Standard of Service)									1 900
Backlogs to be eliminated (Percent - KMs identified as backlogs / total KMs)									96%
Spending on New Infrastructure to Eliminate Backlogs (Rand '000)									
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)									
Total Spending to eliminate Backlogs (Rand '000)									
Spending on maintenance to Ensure No New Backlogs Created (R '000)									R4m
Housing Backlog (40 m² per Household)									
Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service)									
Backlogs to be eliminated (Percent - HH identified as backlogs / HH in municipality)									



Spending on New Infrastructure to Eliminate Backlogs (Rand '000)									
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000)									
Total Spending to eliminate Backlogs (Rand '000)									
Spending on maintenance to Ensure No New Backlogs Created (R '000)									





CHAPTER 3

Organisation Management Structures

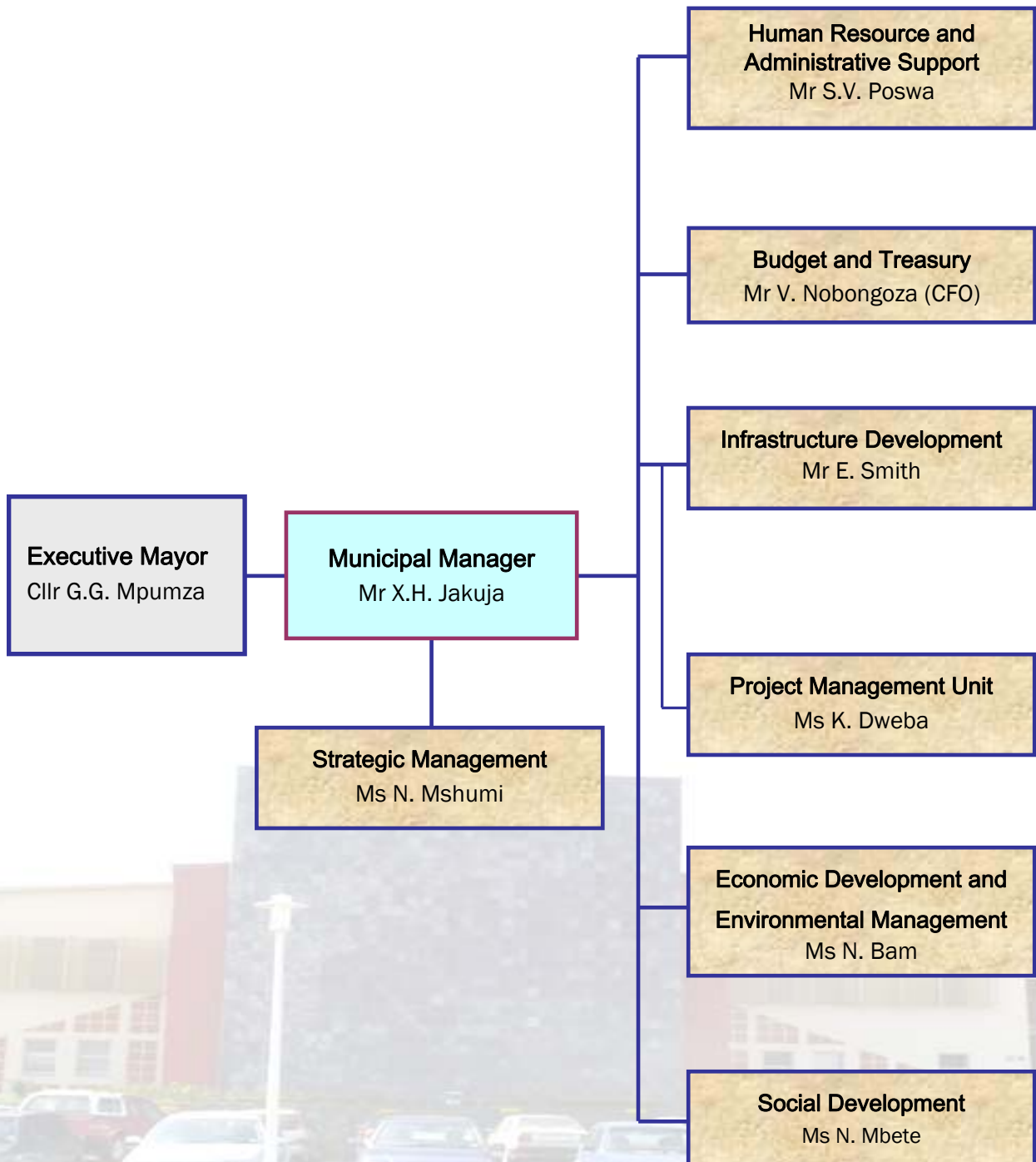
CHAPTER 3 : Organisational Management Structures

- Mayor's Foreword
- Overview of the Municipality
- Executive Summary



3.1 Organisation Structure

In the 2005/06 financial year, Alfred Nzo District Municipality was administered under the following organisation structure.





3.2 Office of the Municipal Manager



Ms N. Mshumi
Strategic Manager

The office of the Municipal Manager is responsible for management and accountability in overall performance of the municipality.

Key Performance Areas

- a. Information Technology
 - Installation and Management of Information systems
 - Installation and management of information infrastructure
 - Data Management & security
 - Website management
 - Communication infrastructure and maintenance

- b. Governance : Mayoral Committee Support
 - To arrange and convene council meetings & standing committees
 - Proper monitoring and filling of Councils and standing committee meetings

- c. Development and Planning
 - IDP compilation
 - Land Use Applications
 - Data Collection
 - Spatial Development Framework



d. Communication and Special Programmes

- Lobby & advocate for Special Groups
- Gender Mainstreaming
- Gender policies
- Marketing and branding
- Communication internally externally,
- Review communication Strategy for municipality,
- Publications and Events Management,
- Accelerate information dissemination
- Community on the municipal service delivery
- Awareness Campaigns
- Empowerment of the Special Groups

e. Disaster Management and Fire Rescue

- Strengthening of Disaster Management Centre
- Facilitate the training of Disaster Management functionaries and volunteers
- Facilitate communication awareness programme
- Integrate post disaster and rehabilitation programme
- Provision of fire and emergency services

Institutional Arrangement and Capacity Building

The office of the Municipal Manager is reinforced by the post of Strategic Manager, which, apart from the overall responsibility of heading the administrative arm of the municipality, is charged with direct responsibility of managing six distinctive sections of Information Technology Internal Audit, Development and Planning, Communications and Special Programmes, Disaster Management and Fire Rescue.

Information Technology

This section provides IT Support Services to the institution. Out of five posts identified in the adopted organogram, the IT section had four staff members in 2005/06 financial year, headed by IT Manager.



Mayoral Committee Support

This section provides governance support to the Mayoral Committee. Out of three posts of Administrative Clerks identified in the adopted organogram, the section had three Administrative Clerk in 2005/06 financial year.

Development Planning

This section is responsible for Integrated Development Plan Out of three posts identified in the adopted organogram, the section of had two staff members in 2005/06 financial year.

Communications and Special Programmes

This section is responsible for the Development of Communication Skills internally and externally, Review communication Strategy for municipality, Branding, Publications and Events Management, Customer care, accelerate information dissemination and update the community on the municipal service delivery. Out of five posts identified in the adopted organogram, the section of had five staff members in 2005/06 financial year.

Disaster Management and Fire Rescue

This section is responsible for Disaster management and fire services. Out of twenty six posts identified in the adopted organogram, the section of had twenty one staff members in 2005/06 financial year.

Challenges and Initiatives

Challenges	Initiatives
Information Technology	
1. Insufficient budgets to implement systems	1.1 Funding has been requested from DBSA
2. No clear institutional and departmental IT requirements	2.1 Development of the Master Systems plan
3. Utilization of systems and tool	3.1 Development of the training plan
Mayoral Committee Support	
4. The Mayoral Committee indicated it had a problem with the recording system	4.1 This has been arranged



5. The Mayoral Committee indicated it had a problem with using the recording system	4.1 The training will be rearranged
Internal Auditing	
6. This function has been performed but requires further support as it does not identify the key risk areas and necessary control measures.	6.1 Gobodo and associates has been brought into the picture to fill in the gaps
Development Planning	
7. Land Claims which hinder development	7.1 The Land Claims Commission is dealing with unlocking the land claims
8. Lack of resources and skills for unlocking development.	8.1 The communities are being skilled in various ways in order to enable them to be sufficient. Funding is always a problem for programmes identified for development.
9. Minimal Funding for the development of the IDPs	9.1 Funding is being sourced form different funders (DPLG and HLG & TA)
Communication and Special Programmes	
10. Separate Communications from SPU	9.1 Separation of these functions in the next financial year
11. Limited budget for SPU & Communications	10.1 Sufficient budget for SPU & Communications: skills identified to assist in this regard
12. Proper implementation & evaluation of Employment Equity Act	
Disaster Management and Fire Rescue	
13. Lack of funding for dealing with disaster incidents	13. Requested that disaster Management be linked to housing development
14. Lack of Human Resources	14 Engaged volunteers and shift system but this does completely not reduce the problem



3.3 Department of Human Resources



Mr S.V. Poswa
Director: Human Resources

The Department of Human Resources is charged with the responsibility to provide management and staff with quality human resource support so that the municipality has the employee resources needed to deliver important services to the community. In the year under review, the Department of Human Resources continued to implement capacity building programmes and quality recruitment processes to ensure that we find the best possible candidates to support our community.

Key Performance Areas

- i. Human Resource Development
- ii. Personnel Career Management
- iii. Labour Relations
- iv. Occupational Health and Safety
- v. Administrative Support Services

Institutional Development and Capacity Building

In 2005/06 financial year, the Department of Corporate Services had 127 staff members out of 211 posts of identified in the Council's adopted organogram.



Disclosures Concerning Councillors, Directors and Senior Officials: for the period 1 July 2005 to 30 June 2006

Description	Mayor (R)	Other Councillors (R)	Municipal Manager (R)	Chief Financial Officer (R)	Other Senior Managers (R)	TOTAL (R)
Salaries and Wages						
Normal	255 017.50	1 796 716.07	362 423.40	324 002.76	2 228 952.62	4 967 112.35
Overtime	0	0	0	0	0	0
Contributions						
Pensions	53 181.24	93 932.67	45 302.88	91 800.72	199 090.32	483 307.83
Medical Aid	40 392.00	249 480.00	30201.96	43 200.36	110 622.72	473 897.04
Other	0	0	0	0	0	0
Allowances						
Travel and Motor Car	34 254.67	367 31.00	96 646.20	81 000.72	823 308.12	1 086 940.71
Accommodation	0	0	0	0	0	0
Subsistence	0	0	0	0	0	0
Housing Benefits and Allowances (R)	31 871.70	172 107.18	39 262.56	0	155 111.64	398 353.08
Loans and Advances	40 037.02	158 506.46	0	0	0	198 543.48
Other Benefits and Allowances	0	23 400.00	0	0	109 399.20	0
Arrears Owed to Municipality	0	0	0	0	0	0



Employment Equity

Councillors 01 July 2005 – 31 March 2006

Occupational Category	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Speaker	0	0	0	0	1	0	0	0	1
Executive Mayor	1	0	0	0	0	0	0	0	1
Mayoral Committee	4	0	0	0	1	0	0	0	5
Directly Elected Councillors	6	0	0	0	5	0	0	0	11
PR Councillors	6	0	0	0	3	0	0	0	9
Councillors with disabilities	0	0	0	0	0	0	0	0	0
Total	17	0	0	0	10	0	0	0	27

Councillors 09 April – 30 June 2006

Occupational Category	Male				Female				TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Speaker	1	0	0	0	0	0	0	0	1
Executive Mayor	1	0	0	0	0	0	0	0	1
Mayoral Committee	2	0	0	0	2	0	0	0	4
Directly Elected Councillors	3	0	0	0	3	0	0	0	6
PR Councillors	7	0	0	0	6	0	0	0	13
Councillors with disabilities	0	0	0	0	0	0	0	0	0
Total	14	0	0	0	11	0	0	0	25





Municipal Staff

Post Level	Occupational Categories	Male				Female				TOTAL
		African	Coloured	Indian	White	African	Coloured	Indian	White	
0 & 1	Senior Management Section 57 Employees	5	0	0	1	4	0	0	0	10
2 & 3	Middle Management	11	1	0	1	8	0	0	0	21
4,5,6	Technicians and Professionals	25	1	0	0	17	1	0	0	44
7 & 8	Support Staff	12	0	0	0	20	0	0	0	32
9	Clerks	10	1	0	0	12	0	0	0	23
10	Elementary	3	0	0	0	0	0	0	0	3
12	General Assistants	1	0	0	0	1	0	0	0	2
	Service Workers	10	0	0	0	3	0	0	0	13
	Contract Staff (Cleaners)	3	0	0	0	12	0	0	0	15
	TOTAL PERMANENT	80	3	0	2	77	1	0	0	153
	Elementary occupations	0	0	0	0	0	0	0	0	0
	Interns	2	0	0	0	4	0	0	0	6
	In-service training	5	0	0	0	12	0	0	0	17
	Learnerships	3	0	0	0	0	0	0	0	3
	TOTAL ON PAYROLL	86	3	0	2	88	1	0	0	180
	Employees with Disabilities	1	0	0	0	0	0	0	0	1

Employment and Vacancies

Annual Turnover per Budget Vote for 2005/06

Budget Vote	Number of Employees	Appointments 2005/06	Resignations 2005/06	Turnover Rate
1. Office of The Speaker	1	0	0	0
2. Office of The Executive Mayor	1	0	0	0
3. Office of The Municipal Manager	52	10	4	7.6
4. Human Resources	18	5	1	5.5



5. Finance and Treasury	22	2	1	4.54
6. Infrastructure Development	36	20	1	2.7
7. Economic Development	7	1	1	14.28
8. Social Development	16	4	0	0
TOTAL	153	42	7	4.57

Job Evaluation Report

Department	No. of Posts Filled	Number of Completed JAQ's & JDF's	Number of Posts in the Approved Establishment
1. Office of The Municipal Manager	54	31	56
2. Human Resources	18	17	27
3. Finance and Treasury	22	20	45
4. Infrastructure Development	36	11	47
5. Economic Development	7	6	21
6. Social Development	16	14	15
TOTAL	153	111	211

Function:	Finance and Administration
Sub Function:	Human Resources

Reporting Level	Detail	Total	
Overview:	The function includes all activities relating to the human resources management function of the municipality including career management , job evaluation, performance management , labour relations management, employee wellness and human resources development		
Description of the Activity:	<p>The function of human resource management within the municipality is administered as follows and includes:</p> <p><i>1.1 Human Resources Development</i></p> <p><i>1.1.1 Community empowerment</i></p> <p><i>1.1.2 Councillor development</i></p> <p><i>1.1.3 In service training and / learnerships</i></p> <p><i>1.1.4 Capacity building for employees</i></p> <p><i>1.2 Career Management</i></p> <p><i>1.2.1 Job Evaluation</i></p>		



	<p>1.2.2 <i>Service delivery and structure design</i></p> <p>1.2.3 <i>Performance management system</i></p> <p>1.2.4 <i>Recruitment and selection</i></p> <p>1.2.5 <i>Benefits administration</i></p> <p>1.2.6 <i>Staff transfer</i></p> <p>1.2.7 <i>Leave administration</i></p> <p>1.3 <i>Labour Relations Management</i></p> <p>1.3.1 <i>Compliance with collective agreements and other labour</i></p> <p>1.3.2 <i>Discipline management</i></p> <p>1.3.3 <i>Promotion of sound labour relations through Local Labour Forum</i></p> <p>1.4 <i>Employee Wellness</i></p> <p>1.4.1 <i>HIV/AIDS in the workplace</i></p> <p>1.4.2 <i>Promotion of health and safety</i></p> <p>1.4.3 <i>Employee Assistance Programme</i></p> <p>The municipality has a mandate to:</p> <ol style="list-style-type: none"> 1. <i>Provide support to local municipalities</i> 2. <i>Empower Communities</i> 3. <i>Job creation through Municipal Service Centre</i> <p>The strategic objectives of this function are to:</p> <ol style="list-style-type: none"> 1. <i>Skills development internal and external</i> 2. <i>Compliance with relevant legislations</i> 3. <i>Policy development and or reviewal</i> 4. <i>maintain low turnover rate and high level of employee satisfaction</i> 																													
	<p>The key issues for 2005/06 are:</p> <ol style="list-style-type: none"> 1. <i>performance management</i> 2. <i>job evaluation</i> 3. <i>organisational development</i> 4. <i>training and development for Councillors and Officials</i> 5. <i>Community empowerment</i> 																													
<p>Analysis of the Function:</p>	<p><Provide statistical information on (as a minimum):></p> <table border="1"> <thead> <tr> <th></th> <th></th> <th><i>R (000s)</i></th> </tr> </thead> <tbody> <tr> <td colspan="3">Number and cost to employer of all municipal staff employed:</td> </tr> <tr> <td>- Professional (Managerial/Specialist)</td> <td>23</td> <td>13732262</td> </tr> <tr> <td>- Field (Supervisory/Foremen)</td> <td>37</td> <td>10333436</td> </tr> <tr> <td>- Office (Clerical/Administrative)</td> <td>43</td> <td>15053421</td> </tr> <tr> <td>- Non-professional (blue collar, outside workforce)</td> <td>36</td> <td>650000</td> </tr> <tr> <td>- Temporary Staff</td> <td>15</td> <td></td> </tr> <tr> <td>- Contract Staff</td> <td>9</td> <td>350000</td> </tr> <tr> <td></td> <td>163</td> <td>44070323</td> </tr> </tbody> </table>			<i>R (000s)</i>	Number and cost to employer of all municipal staff employed:			- Professional (Managerial/Specialist)	23	13732262	- Field (Supervisory/Foremen)	37	10333436	- Office (Clerical/Administrative)	43	15053421	- Non-professional (blue collar, outside workforce)	36	650000	- Temporary Staff	15		- Contract Staff	9	350000		163	44070323		
		<i>R (000s)</i>																												
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- Temporary Staff	15																													
- Contract Staff	9	350000																												
	163	44070323																												



Challenges and Initiatives

CHALLENGES	INITIATIVES
Human Resource Development	
1. Implementation of Skills Development Act	1.1 Facilitation new skills development strategies to advance the need for an integrated skills development program
2. Capacity building for Councillors	a. Skills audit for Councillors and training programme
Personnel Career Management	
3. Transfer of staff	a. Conducted audit on all transferred personal files b. Induction of all transferred employees
4. Leave administration	a. Computerization of leave administration Leave balances shown on payslips monthly
5. Utilisation of Human Resources Information System	5.1 Appointment of tax auditors for the existing system 5.2 Acquisition of VIP payroll system to replace the old payroll system
Labour Relations	
5. Implementation of Integrated Employee Wellness Program	5.1 Workshops conducted on Employee Assistance Program 5.2 Draft HIV/Aids Policy and Employee Assistance Program Policy
6. Formation of Employment Equity Forum	6.1 Employment Equity Forum will be included in the Training Committee
7. Sound Labour Relations	7.1 launch of sub committees on HRD, conditions of Service and Workplace Restructuring



	7.2 LLF AGM and Monthly LLF meetings
	7.3 Implementation of bargaining Council Collective agreements
Occupation Health and Safety	
8. Lack of submission of OHS Plans by construction companies	8.1 Review specification and approve health and safety plans
9. Emergency Preparedness	9.1 Draft evacuation plan
10. Outstanding COIDA payments	9.1 Regular payments 9.2 Re- assessments of submissions

Status of Policies and Regulatory Framework for Alfred Nzo District Municipality as at Year Ending 30 June 2006

Policy		Status
1	Cellular Policy for Councillors	Revised in 2004/05
2	Cellular Policy for Official	Revised in 2004/05
3	Employment Equity Policy	Revised in 2004/05
4	Employee Assistance/Wellness	Draft
5	Human Resources Development	Draft
6	HIV/AIDS	Draft
7	Indigent Policy	Adopted in 2003/04
8	Leave Administration	Adopted in 2004/5
9	Occupational Health and Safety Policy	Revised in 2004/05
10	Performance Management Policies	Revised in 2004/05
11	Recruitment and Selection	Draft
12	Reward Scheme	Revised in 2004/05
13	Security	Draft
14	Sexual Harassment	Draft
15	Subsistence and Travel Allowance	Revised in 2004/05
16	Termination of Service	Adopted in 2004/5
17		
Bargaining Council Collective Agreements		Status
1	Grievance Procedure	Adopted



2	Disciplinary Policy	Adopted
3	Bargaining Levels	Adopted
4	Leave Policy	Adopted
Government Regulations		Status
1	Minimum Information Security Standard	Adopted
2	Determination of upper limits	Adopted
By-Laws		Status
	NONE	





3.4 Department of Budget and Treasury

The finance Department is responsible for the management of the financial resources of Alfred Nzo District Municipality in an economic, efficient and effective manner and also offers financial support and advice to its local municipalities. The department also provides internal management reporting to ensure that the Council and management are informed when making decisions.

Key Performance Areas

- i. Collection and Administration of Revenue
- ii. Budgeting and Control of Expenditure
- iii. Administration of grants and reporting

Institutional Arrangement and Capacity Building

The department is currently divided into Income and Expenditure sections Headed by Director Finance, and Treasury which includes Budget & Procurement which is headed by Chief Finance Officer. The Chief Finance Officer also plays an overseeing role for the whole department of Budget and Treasury.

The goal of the Finance Department institutional programme is to ensure that it has sufficient skills, capacity and resources to fulfil its objectives. In 2005/06 financial year, the Department of Finance Administration had 23 staff members.

A new integrated financial system (SAMRAS) has been established to enhance the quality of services that the department is rendering.

Challenges and Initiatives Challenges and Initiatives

Challenges	Initiatives
Collection and Administration of Revenue	
1. Improving the billing systems	1.1 Support systems, viz, more staff personnel
2. Updating and maintaining the data	2.1 Establishment of Infrastructure



base	
3. Implementation of credit and debt collection policy	3.1 Increase of pay points through establishment of satellite offices





5 Infrastructure Development



Mr E. Smith
Director Infrastructure Development

The Department of Infrastructure Development is responsible for delivery of infrastructure and provision of basic services to the community of Alfred Nzo District Municipality. The Department of Infrastructure Development has made very good progress during the year under review with regard to extending infrastructure in areas where no infrastructure existed. Similarly good progress was made with regard to institutional reform in terms of the National Water Act, as well as establishing a Project Management Unit for management and reporting on all capital projects funded by MIG.

In the area of institutional development, as the Water Services Authority, the Municipality has positioned itself to build internal capacity to ensure that minimum functions are outsourced with respect to water services delivery.

The District Municipality is presently having adequate capacity and know-how in effective and efficient implementation and management of capital projects. The general limitation to infrastructure development and speedy reduction of huge backlog facing the municipality is lack of funding.

Key Performance Areas

- i. Provision of Water and Sanitation Services
- ii. Provision of Transport, Roads and Public Works Services
- iii. Provision of Building, Electricity and Telecommunication to municipal establishments.



Institutional Arrangement and Capacity Building

The Department of Infrastructure Development had undergone various internal institutional changes in particular with respect to the introduction of the Project Management Unit and the processes subsequent to new authorisations in water and sanitation services. In this respect, the municipality instituted the development of internal institutional capacity to effectively manage the implementation of capital projects by establishing the Project Management Unit and efficiently performing the Water Services Authority function by ringfencing the Water Services Authority function within the municipality. As a result, the Department of Infrastructure Development consists of three distinctive components;

3.5.1 OPERATIONS AND MAINTENANCE

This section is responsible for operation and maintenance, and renewal of infrastructure to ensure that communities have access to at least basic level of services, and to ensure that no new backlog in infrastructure development is created. This section takes over infrastructure from the PMU once the project is physically completed. The section of operation and maintenance consists of three divisions.

Water and Sanitation

The division of Water and sanitation is responsible for operation, maintenance and renewal of water and sanitation services infrastructure to ensure that communities receive uninterrupted water and sanitation services. The division is also accountable for provision of Free Basic Water and free basic services in sanitation. Out of thirty three (33) posts identified in the adopted organogram, the division had four (4) staff members in the 2004/05 financial year, headed by the Deputy Director: Water and Sanitation.

Transport, Roads and Public Works

The division of Transport, Roads and Public Works is responsible for operation, maintenance and renewal of transport, roads and public works infrastructure to ensure effective and efficient road network within the Alfred Nzo municipal area and facilitate effective public transport within the area. Out of seven (7) posts identified in the adopted organogram, the division had three (3) staff members in the 2004/05 financial year, headed by the Deputy Director: Transport, Roads and Public Works.



Building, Electricity and Telecommunications

The division of Building, Electricity and Telecommunications is responsible for operation, maintenance and renewal of all municipal buildings and provision of electricity and telecommunication installations to municipal buildings. This division is also responsible in providing support to local municipalities in planning for housing development and household electrification. Out of twelve (12) posts identified in the adopted organogram, the division had three (3) staff members in the 2004/05 financial year, headed by the Deputy Director: Building, Electricity and Telecommunication. The division of building services also provides support to the division of Disaster Management to ensure that household left homeless by various disasters that are persistent in the municipal area, are provided with temporary and permanent housing.

3.5.2 WATER SERVICES AUTHORITY FUNCTION

Water Services Authority Function

The Water Services Authority section is charged with the responsibility to manage process of institutional changes subsequent to authorisations in water and sanitation services, planning for development of water and sanitation services infrastructure, acquisition of water use permits and overall performance of the Water Services Authority function vested on the Alfred Nzo District Municipality. In 2004/05 financial year, Alfred Nzo District Municipality continued to perform the Water Services Authority function for the entire area of its jurisdiction. The Local Municipalities of Umzimvubu and Umzimkhulu continued to perform the Water Services Provider function in their urban centres while Alfred Nzo District Municipality retained the Water Services Provider function in the rural areas. One post was identified to form a section within the municipality that will be charged with the responsibility to of the Water Services Authority function, headed by a Water Service Authority Manager.

Transfer of DWAF Staff to the municipality

In 2004/05 financial year, Alfred Nzo District Municipality took over 92 operational staff from the Department of Water Affairs and Forestry. During the period under review DWAF provided R 5 724 000 towards personnel cost and R 1 460 000 towards operation and maintenance.

Section 78 Assessment

Phase 1 of the Section 78 Assessment was completed. After submission of the various options, Council decided to explore also a few external options in order to get a complete holistic view as to all the possibilities available to Council for an informed decision.



The first part of the Section 78 phase 3 assessment was completed. As the first part of the phase 3, the Section 78 Assessment concentrated mainly on financial data. It was decided to explore further a number of options, not only selected on financial criteria. At year end the Alfred Nzo District Municipality was still engaged in this phase and it was planned to complete the Section 78 Assessment in the forthcoming financial year.

Water Services Development Plan

The Water Services Development Plan was completed but was at draft stage at the of the year under review.

Challenges and Initiatives

Challenges	Initiatives
Operation and maintenance of Water and Sanitation Infrastructure	
1. Personnel shortage	1.1 Restructuring the section
Operation and maintenance Transport, Roads and Public Works	
2. New backlog created in access roads due lack of maintenance of existing road infrastructure	2.1 Develop a comprehensive road maintenance program
3. Limited budget for maintenance of roads	3.1 Effective use of our own plant to reduce financial requirement of the maintenance budget.





5.2 PROJECT MANAGEMENT UNIT

The Project Management Unit (PMU) is responsible for implementation of capital projects, particularly those funded by MIG. The PMU is also accountable for reporting on the deliverables of the municipal capital projects. After physical completion of the capital projects, the completed infrastructure is transferred to the Operation and Maintenance section.

Key Performance Areas

- i. Implementation of Capital Projects
- ii. Preparation of Business Plans for Registration with MIG, to ensure full commitment for allocation of the Medium Term Expenditure Framework (MTEF).
- iii. Develop and Manage Departmental Expenditure by ensuring timeous reporting and compliance with Division of Revenue Act (DORA) and Municipal Finance Management Act (MFMA),
- iv. Contract administration of all projects, quality assurance, approval of fee claims and contractor's certificates
- v. Ensuring compliance with legislative laws, council resolutions & policies etc.

Institutional Arrangement and Capacity Building

In 2004/05 financial year, the Project Management Unit had a total of eight (8) staff members: The PMU Manager, Financial Controller, Engineer Planning & Design, two (2) Area Project Managers, Social Facilitator, Admin Clerk and Secretary.

Challenges and Initiatives

- Expenditure for December improved substantially as confirmed by Province that ANDM was the "month's best spending Municipality"
- A resolution has been obtained from Council to register all projects with MIG for the MTEF 2005/06/07.
- An adjustment budget of R26m for sanitation has been approved by Council for expenditure till end March 2006.



- Due to delays in approvals of budget maintenance of SMME's and other projects, an amount of R9m cannot be reported on our expenditure.
- A letter to Province to expedite registration and approval of the following projects has been forwarded: Maluti: Ramohlakoana Sewerage, VIP Rural Sanitation for Umzimkhulu and Umzimvubu, Siphambukeni.

The following projects were implemented during the 2005/06 financial year;

Water Projects						
Project No.	Project Name	Ward No.	Project Area	Funding Period	Budget Allocation	Number of Households
1307	Ndzongiseni Water Supply	5	Umzimvubu	2004/05	2,504,361.94	634
1308	Mfulamkhulu Water Supply	6	Umzimvubu	2004/05	2.229,231.85	106
1309	Lubaleko Water Supply	5	Umzimvubu	2004/05	2,429,999.33	472
1310	Luyengweni Water Supply	24	Umzimvubu	2004/05	3,267,699.66	830
1311	Outspan Water Supply	3	Matatiele	2004/05	5,754,121.35	867
1328	Magqagqeni Water Supply	22	Umzimvubu	2004/05	157,558.73	381
1329	Mnambithi Water Supply	6	Umzimvubu	2004/05	1,053,902.91	819
1330	Gobizembe Water Supply	3	matatiele	2004/05	1,407,707.32	342
1331	Hebron Water Supply	3	matatiele	2004/05	3,118,719.47	613
1332	Kwazicwalile Water Supply	10	matatiele	2004/05	2,073,059.39	292

Water Projects
(cont.....)

Project No.	Project Name	Ward No.	Project	Financi	Municipal Expenditu	Number of Household
-------------	--------------	----------	---------	---------	---------------------	---------------------



1245 (15)	Mazizini (15)	23	Umzim vubu	2004/05	3,554,677.33	5.0
1245 (16)	T 69 - Phamotse (16)	24	Umzim vubu	2004/05	330,346.06	4.0
1245 (17)	Pehong-Makhaola (17)	25	Umzim vubu	2004/05	1,376,915.57	6.0
1245 (18)	T70-Masupa (18)	26	Umzim vubu	2004/05	1,069,938.13	3.0
1245 (19)	R56 - Sigoga (19)	27	Umzim vubu	2004/05	1,206,005.51	5.0
1245 (20)	T71 - Thotaneng (20)	28	Umzim vubu	2004/05	3,219,831.43	6.0
1245 (21)	Mnopomeni (21)	1	Umzim khulu	2004/05	835,706.58	2.0
1245 (22)	Lucingweni - Twenty (22)	2	Umzim khulu	2004/05	680,009.83	2.0
1245 (23)	Marwaqa-Sayimani (23)	3	Umzim khulu	2004/05	2,968,439.39	7.0
1245 (24)	T08-Dressini (24)	4	Umzim khulu	2004/05	1,061,862.31	4.0
235	Azariel Access road	4	Umzim vubu	2005/06	1,626,733.00	6.0
245	Ndzongozi Access Road	5	Umzim vubu	2005/06	2,006,736.00	9.0
133	Lekhalong – Mapoliseng Access	14	Umzim vubu	2005/06	3,666,623.64	10.0
132A	Mazaleni Access road	9	Umzim vubu	2005/06	2,093,531.22	7.0
302	Mbodleni access road	15	Umzim vubu	2005/06	1,311,790.00	7.0
238	Majuba access road	20	Umzim vubu	2005/06	2,106,109.04	7.6
242	Mhlanganisweni Access road	21	Umzim vubu	2005/06	2,004,200.00	7.0
240	Qhayizana Mpindweni access road	22	Umzim vubu	2005/06	2,738,894.93	7.0
244	Luyengweni access road	24	Umzim vubu	2005/06	587,072.34	7.0



243	Dingezwani Access road	10	Umzim vubu	2005/06	1,620,360.00	7.0
300	Malongwe Access road	13	Umzim vubu	2005/06	2,723,894.93	14
256	Cabazana Bridge	1	Umzim vubu	2005/06	566.0798.00	
TOTAL		128.0				

3.5.3 WATER SERVICES AUTHORITY

Water Services Provider Functions

The Water Services Authority section is charged with the responsibility to manage process of institutional changes subsequent to authorisations in water and sanitation services, planning for development of water and sanitation services infrastructure, acquisition of water use permits and overall performance of the Water Services Authority function vested on the Alfred Nzo District Municipality. In 2005/06 financial year, Alfred Nzo District Municipality continued to perform the Water Services Authority function for the entire area of its jurisdiction.

Transfer of DWAF Staff to the municipality

In 2005/06 financial year, Alfred Nzo District Municipality took over 92 operational staff from the Department of Water Affairs and Forestry.

Delivery of Capital Projects

7.1. Implementation of Capital projects

The total MIG allocation expenditure was at 92% by end March 2006 and 100% by end June 2006.





<p>Sanitation</p> <p>Zone site establishment after termination of Consultant's contract, due to procurement procedures.</p> <p>Water:</p> <p>7.1.2. Delays in Luyengweni Water Supply due to rain and snowfalls. Limited construction experience to emerging contractors.</p> <p>Implementation of Roads and bridges</p> <p>Delays in SMME Development programme due limited experience in emerging contractors. Site monitoring and cash-flow management.</p> <p>Opening of borrow-pits, Environmental Impact Assessment</p>	<p>1 Sanitation: Five Zone Centres were constructed to manufacture materials for construction of VIP's, production per Zone was ranging between 259 - 300 units per month per Zone Site and thus creating approximately 200 job opportunities per month per zone. The programme won a Provincial Award as "Best practises on job creation". Provision of appropriate sanitation technology to Peri-Urban areas. (Planning: Possible year of implementation 2009/10) <i>Five Zone Centres were constructed to manufacture materials for construction of VIP's</i></p> <p>.Water:</p> <p>Youth and women were trained in on-site non-accredited training in the following fields: pipe laying, basic repairs and maintenance, pump stations monitoring (generators, diesel engines) and basic office administration. Abstraction permits where necessary were obtained from DWAF as well as EIA's were conducted before construction of every. A total of 9336 houses receive portable water.</p> <p>. Roads & bridges</p> <p>On-site non-accredited training was provided to youth and women on the following activities: storm water management (stone-pitching), drainage pipe laying and construction of retaining walls.</p> <p>Cabazana and Itsolokile bridges were approved and currently under construction to completed mid March</p>
<p>9. Contractor Development manage and capacitating.</p> <p>9.1. Contractors struggle to obtain NQF qualifications on LIC methods to implement projects according to EPWP guidelines and CIDB registration.</p>	<p>All technical staff in ANDM were trained and received certificates in NQF level 5 qualifications. Workshops were held to capacitate emerging contractors</p> <p>The roads which were identified as EPWP, were constructed using EPWP guidelines. All staff were trained accredited in the EPWP labour intensive methods. EIA approvals were obtained for all the projects and permits for opening borrow pits were also obtained. All new borrow pits will be rehabilitated as part of land care act.</p>
<p>Performance of the Water Services Authority Function</p> <p>10.</p>	<p>10.1</p>



3.6 Department of Economic Development and Environmental Management



Ms N. Bam
Director: Economic Development
and Environmental Management

The Department of Economic Development and Environmental Management is responsible for creating a conducive environment for the development of the local economy and for the conservation and protection of the natural environment of Alfred Nzo District Municipality.

Key Performance Areas

- i. Economic Development
- ii. Development and Promotion of Tourism
- iii. Environmental Management
- iv. Waste Management and Pollution Control

Institutional Arrangement and Capacity Building

The Department of Economic Development has three divisions of Local Economic Development, Tourism and Environmental Management. Out of fifteen (15) posts identified in the adopted organogram, the department of Economic Development had nine (9) staff members in the 2005/06 financial year. The Provincial Department of Environmental Affairs and Tourism has placed an eco-tourism official in the district municipality to provide support in the municipal Poverty Alleviation programme. The department is currently understaffed to effectively deliver services particularly in the agriculture and forestry. The working for water project, which is to be transferred to



Alfred Nzo District Municipality under the Department of Economic Development, brings an additional challenge to the department and the district municipality as a whole.

Challenges and Initiatives

Challenges	Initiatives
Economic Development	
1. High levels of poverty & unemployment	1.1 Technical and Management Training for Economic Development project beneficiaries
2. Underdeveloped economic sectors	2.1 Agricultural Projects, Tourism Projects, Incubator Programmes, Forestry Projects and Manufacturing Projects
Development and Promotion of Tourism	
3. Underdeveloped tourism sector	3.1 Mehlosing Hiking Trails, Ntsikeni Eco-Tourism, Umzimkhulu Gateway, N2&R56 Tourism, Arts & Crafts Project, Regional Tourism Organizations
4. Low Skills Base	4.1 Technical and Management Training for Tourism project beneficiaries
Environmental Management	
5. Unsustainable development practises	5.1 Awareness creation on sustainable environmental practises
6. Land degradation	6.1 Land rehabilitation initiatives
Waste Management and Pollution Control	
7. High Levels of pollution	7.1 Waste Management initiatives
8. Low public awareness of sustainable waste management practises	8.1 Awareness creation on waste management practises



3.7 Department of Social Development



Ms N. Mbete
Director: Social Development

The Department of Social Development is responsible for provision of sustainable poverty alleviation programs and development self sufficiency amongst communities of the Alfred Nzo District Municipality. In the year under review, the Department of Social Development continued with the development and implementation of community development such as moral regeneration, cultural promotion programme, sport development, municipal health services, HIV and Aids campaign and social facilitation of projects within the district.

Specific programmes that have been embarked upon in the year under review include amongst others, moral regeneration, sport development and cultural promotion. The overarching objective of these programmes was to instil a wake up call against the decline of societal values, customs, traditions and norms within our communities. This has led us to champion the national framework of uplifting the social values of community within the district. We have worked in partnership with traditional structures, communities and ward councillors in ensuring that we drive the program together and realize the objective incepted to be achieved.

Key Performance Areas

- i. Poverty Alleviation
- ii. Community Development
- iii. HIV/Aids Campaign and Support



iv. Environmental Health Services

v. Social Facilitation of projects

Institutional Arrangement and Capacity Building

The department of Social Development has three divisions of Centralization of Social Facilitation and Community Development, Environmental Health and HIV/Aids. The Department of Social Development is faced with a challenge of mainstreaming HIV and AIDS, resistance of centralization of social facilitation and taking over the function of Municipal Health Service from the province. The department staffing is 90% in 2005/6. Capacity building initiatives undertaken within the department include development of performance management plan and various computer courses for staff within the department.

Our strong and purposeful partnership with stakeholders including Social Development and DESRAC to mention the few, has made us to be precise and implement programmes in a manner that realizes municipal objectives of community development.

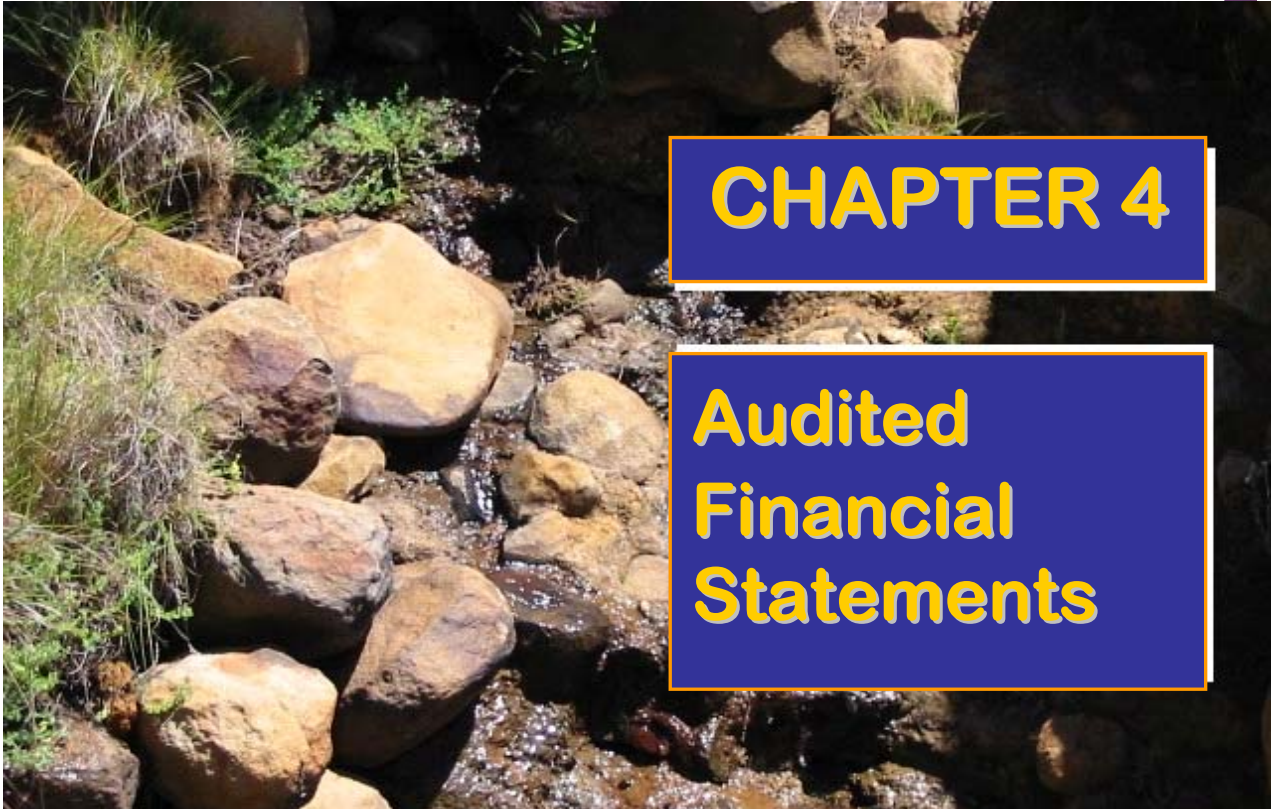
Challenges and Initiatives

Challenges	Initiatives
Poverty Alleviation	
1. Community ownership of programme	1.1 Vigorous Social Facilitation
2. Lack of integration with sector departments	2.1 IGF meetings, sector forums strengthening
Community Development	
3. Strengthening partnership with other stakeholders	3.1 Enhance integration and joint planning
4. Lack of capacity and participation	4.1 training and review our community participation strategies as key to development
HIV / Aids Campaign and Support	
5. Lack budget for CBO /NGO support. Vacant posts for an AIDS Educator. Mainstreaming of HIV and AIDS by other municipal departments.	5.1 Each municipal department have to budget for HIV and AIDS for its functions and activities.
Budget of formulation of support group in	Budget for formulation of support groups



each ward for PWA	thorough clinic and CBO initiated by communities.
Social Facilitation	
6. Centralization of social facilitation	6. Submit the proposal to the council and resolution was taken for centralization of facilitation.
Environmental Health	
4. Transfer of Municipal Health Services to the district	7. Task team establishment for facilitation and engagement of DOH for more budget that can cover salary differentiation
5. Plans for Health surveillance of premises	8.1 initiated list of building plans for inspection by the District Municipality for compliance.





CHAPTER 4

Audited Financial Statements

- Financial Statements
- Auditor General's Report
- Municipal Response to Auditor General's Report



INDEX TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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**GENERAL INFORMATION TO THE ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

<u>Executive Mayor :</u>	01/07/05 to 28/02/06	01/03/06 to 30/06/06
	GG Mpumza	G.G. Mpumza
<u>Speaker :</u>	P Mabuntana	R.V. Lepheana
<u>Mayoral Committee :</u>	BJ Magojo BP Mabengu M Nkqayi SK Mnukwa MD Lugayeni	N. Goya L. Tshiki M. Nyamakazi V.N. Mdingazwe
<u>Grade of District Municipality :</u>	Grade 4	
<u>Auditors :</u>	The Office of the Auditor General	
<u>Bankers :</u>	First National Bank Limited - Mount Frere	
<u>Registered Office :</u>	Physical Address:	Erf 1400 Ntsizwa Street Mount Ayliff
	Postal Address	Private Bag X 511 Mount Ayliff 4735
<u>Municipal Manager/Accounting Officer:</u>	X.H. Jakuja	



GENERAL INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006(CNTD....)

Chief Finance Officer V. Nobongoza

Councillors :

1/7/2005 - 28/02/2006

01/03/2006 - 30/06/2006

T Dlamini

M.S. Socikwa

J Moshoeshoe

S. Mbekeni

M. Hlanekela

M. Hlanekela

V. Gijana

X. Jona

N. Fikeni

C.M. Lebenya

N.P. Goya

K. Magaya

M.C. Lebenya

N.A. Magadla

Z.R. Bala

B.N. Maome

N. Ganya

M. Makaula

T. Msindwana

N. Mbele

N. Ngcingwana

P. Mbuto

N.C. Mtoto

W.B. Mfulana

E.N. Ncapai

V.V. Mhlala

N. Ntsengwane

N. Mpanda

V.C. Sigalelana

L.S. Mtshoniswa

C. Nxesi

M.V. Nkqayi

P. Nombaba

M.M. Notshele

W.M. Msiya

M.M. Popokhane

V.W. Zaza

F. Nxuseka

D.P. Moso

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The annual financial statements set out on pages 2 to 23 were approved by the Finance Portfolio Committee of the District Municipality on.....and are signed by


MUNICIPAL MANAGER


CHIEF FINANCE OFFISER



FOREWORD

I have pleasure in presenting the Financial Statements, which are subject to audit, for the year ended 30 June 2006.

1. Background

Alfred Nzo District Municipality has been addressing key delivery issues that lay foundation for infrastructure development and designed to make our district financially viable. These programmes ranges from ensuring sustainability that includes budget reform, the implementation of asset registers and the valuation of various District's assets, bringing accounting systems in line with Generally Accepted Municipal Accounting Practice (GAMAP). The Finance Department is formulating a new results oriented approach to service delivery, aligned to good strategic and financial planning, based on efficiency, effectiveness and economical strategies. This will prevent irregular and/or fruitless expenditure and will enable the Auditor-General to issue an unqualified audit report.

The District Municipality's financial policies and procedures shall address the following fiscal goals:

- Maintain the District Municipality in a fiscally sound position in both the long and short term;
- Maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- Expansion and broadening of our revenue base by looking for more sources;
- Maintain existing infrastructure and capital assets;
- Provide a framework for the prudent use of debt financing;
- Direct the District's financial resources toward meeting the goals of the Integrated Development Plan(IDP);
- Develop and implement internal control measures.



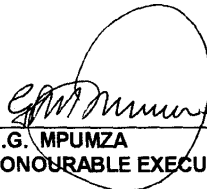
2. Operating Results

It is pleasing to report positive results for the financial year in that Council reflected an operating surplus above the budgeted surplus. We were able to generate an acceptable operating surplus in the 2004/05 financial year amounting to R7, 0 million. The key priority from a financial perspective is the financial viability and sustainability of the District. This goal can best be achieved through effective and efficient financial management.

3. Expression of Appreciation

I wish to express my sincere appreciation to the Political Head of Finance, the Municipal Manager, various Heads of Departments, and all those who those who have made possible in creating a prudent financial environment in our municipality.

I wish to convey a special word of appreciation to the staff responsible for compiling the financial statements for their dedication and hard work, as well as to all the staff in the Finance Directorate for their full support and dedication in all the operations of the Department. I thank you very much. God Bless.



G.G. MPUMZA
HONOURABLE EXECUTIVE MAYOR





CHIEF FINANCE OFFICER REPORT ON THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
<u>1. OPERATING RESULTS</u>		
Accumulated (surplus)/deficit at the beginning of the year	(52,674,817)	(45,464,744)
Current Year (surplus)/deficit	2,107,570	(7,040,628)
Appropriations for the year	350,000	169,445)
Accumulated (surplus)/deficit at the end of the year	<u>(50,217,247)</u>	<u>(52,674,817)</u>

Comment on current year surplus

financial year amounting to R58,3 million.
remaining R32,5 million has financed capital expenditure

2. TRUST FUNDS

Trust Fund at the end of the financial year amounted to - **See Appendix A:**

82,697,211	71,584,747
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This represents an increase in trust funds for the current year of R11,112,464.00

b) Constant growth in the number of Trust Funds created by the municipality



**CHIEF FINANCE OFFICER REPORT ON THE ANNUAL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2006 (CONT...)**

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
<u>3. INVESTMENTS</u>		
Closing balance at financial year end	<u>34,806,325</u>	<u>96,802,046</u>

*This represents an decrease of R62 million from the prior year.
These investments are held by the District Municipality in call accounts for
financing various projects.*

4. LONG TERM DEBTORS

Long term debtors balance at the end of the financial year end is:	<u>821,926</u>	<u>1,347,420</u>
--	----------------	------------------

*This represents a decrease of R525
494.00
This is as a result of car loans issued to staff before 1st July 2004, and hence
terminated thereafter
by the implementation of MFMA.
The primary reason for the decrease is due to payments made through lone
during the course of the
financial year.*

5. ACCOUNTS RECEIVABLE

Accounts receivable balance at the end of the year is:	<u>31,000,226</u>	<u>10,928,920</u>
---	-------------------	-------------------

*This represents an increase of R20,1
million
The primary reason for the increase is the outstanding amount in favour of ANDM by SARS*



CHIEF FINANCE OFFICER REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONT...)

5. GOING CONCERN

The municipality is experiencing a challenge of a very narrow revenue base. On the 30th June 2006, billing for RSC levies has been permanently terminated. The municipality will continue to operate as a going concern as it receives a yearly equitable share grant from National Treasury Department and the RSC Levies will be incorporated in the equitable share in total. Also, the Council took the resolution of taking over the responsibility of providing water from the district municipalities and that will assist in increasing our revenue base. Revenue enhancement strategy is in a process of being developed.

The Alfred Nzo District Municipality has the financial backing of both the National and Provincial Treasury Department and hence the risk of losing its status as a going concern is low.

6. SUBSEQUENT EVENTS

During the process of preparing the financial statements, there was a pending claim from O.R. Tambo District Municipality regarding payment of RSC Levies. These payments were erroneously credited into ANDM account by various government departments. The claim amounts to approx. R6,0 million and it was scheduled to be tabled at the Council meeting dated 23rd August 2006. With the exception of the above-mentioned item there are no subsequent events at the Balance Sheet date that necessitates an adjustment to the annual financial statements. However, it must be stated that there is a pending appeal regarding the demarcation process of Matatiele Local Municipality which is presently in the Constitutional Court of South Africa.

7. APPRECIATION

I would like to thank the Executive Mayor, Finance Political Head, Members of the Mayoral Committee, Councilors, Municipal Manager, Department Heads of Alfred Nzo District Municipality for the support that they have given to me during the financial year. A special word of thanks to the personnel of the Finance Department for their loyalty, commitment and diligence in preparing the financial records of our municipality

Vuyani Nobongoza
Chief Finance Officer

Date:



ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2006

1.

Basis of preparation

The Annual Financial Statements are prepared in accordance with standards laid down by the Institute of Municipal Treasurers And Accountants (now known as IMFO) in its Code of Accounting Practice (1997) And Report on Published Annual Financial Statements (Second Edition: January 1996).

The Annual Financial Statements are prepared on a historical cost basis. The following are the Principal accounting policy directives used by the district municipality which are consistent with those of the previous year, except if otherwise indicated:

1.1

Revenue Recognition

Revenue is recognised in the financial statements when measurable and available to finance operations and is matched with expenditure to comply with the accrual basis of accounting.

1.2 Property, Plant and Equipment

1.2.1 Property, Plant and Equipment is stated at historical cost; or At valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of

bulk assets which are written off at the end of their estimated useful life as determined by the treasurer.

1.2.2 Depreciation

The balance shown against the heading “Loans Redeemed And Other Capital Receipts” in the notes to the balance sheet is a tantamount to a provision for depreciation, however certain is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this “Provision” assets are written down over their



ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2006 (CONT...)

1.2.2 Depreciation (cont...)

Appropriations from income - Where the full cost of the asset forms an immediate and direct charge against the operating income, it is unnecessary to make an additional depreciation provision; and

Grant or donation -The amount representing the value of such grant or donation is immediately credited to the “Loans Redeemed And Other Capital Receipts” account.

1.2.3 Financing of Property, Plant and Equipment

Fixed assets are financed from different sources, including external loans, operating, Endowments and internal advances. Interest is charged to the service concern at the Interest rate at the time the advance is made.

1.3 Employee benefits

Defined contribution plan

Alfred Nzo District Municipality, employees and Councillors contribute to a Provident Fund and Pension Fund respectively.

These Funds are defined contribution plans in terms of the Pension Fund Act of 1965.

Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period.

1.4 Investments

Investments are stated where at the lower of cost or market valuation and are written there is a permanent impairment in value.

1.5 Provisions

Provisions are recognised when the District Municipality has a present legal 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 of the amount reliable estimate Of the obligation can be made.

1.6 Inventory

The Municipality has no stock (or stores) under its control as stock items are bought for direct use.



**ALFRED NZO DISTRICT MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2006**

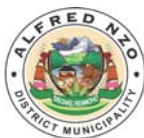
1. Basis of preparation

	Note	2006 R	2005 R
ASSETS			
Non-current assets		12,781,923	12,857,417
Property, plant and equipment	3	0	0
Long Term Investments	6	11,959,997	11,509,997
Long-Term Debtors	4	821,926	1,347,420
Current assets		115,817,363	139,692,785
Investments	6	34,806,325	97,090,944
Accounts Receivable	5	35,781,853	10,928,920
Cash and other cash equivalents	11	44,702,902	30,606,354
Pett Cash		789	0
Short-term portion of long-term debtors	4	525,494	1,066,567
TOTAL ASSETS		128,599,286	152,550,202
EQUITY AND LIABILITIES			
Funds and reserves		80,570,204	124,259,563
Accumulated funds	1	0	0
Non-distributable reserve	9	50,217,246	52,674,816
Trust funds	2	30,352,958	71,584,747
Long Term Liabilities		35,755,435	11,391,114
Current liabilities		12,273,647	16,899,525
Bank Overdraft	12	0	7,504,868
Accounts Payable	7	5,058,181	9,044,657
Provisions	8	7,215,466	350,000
TOTAL EQUITY AND LIABILITIES		128,599,286	152,550,203



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004 R	2005 R	2006 R	2006 R
(Surplus)/ Deficit	(Surplus)/ Deficit	Actual Income	Actual Expenditure
(16,450,428)	(25,894,064)	Grants and subsidies	(25,894,064)
8,781,792	35,730,806	Operating Income	(11,049,202) 35,730,806
7,668,636	9,836,742	Administration section	(36,943,266) 35,730,806
0	-	Local bodies	- -
-	-	Regional functions section	- -
(7,668,636)	9,836,742	Total	(36,943,266) 46,780,008 9,836,742
1,478,655	169,445.00	Appropriations for the year (refer to note 9)	-
(6,189,981)	10,006,187	Net (surplus)/deficit for the year	9,836,742
(39,274,763)	(45,464,744)	Unappropriated (surplus)/accumulated deficit at the beginning of the year	(52,335,928)
(45,464,744)	(35,458,557)	Unappropriated (surplus)/accumulated deficit at the end of the year	(42,499,186)



ALFRED NZO DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ended 30 JUNE 2006

	Note	2006	2005
Cash inflows/(outflows) from Operating Activities		3,837,825	-5,899,237
Cash receipts from customers		33,105,440	
Cash paid to suppliers and employees		(46,780,008)	(39,050,835)
Cash generated from operations	10	0	
Investment income		3,837,825	7,775,331
Cash inflows/(outflows) from Investing Activities	0	0 0	
Grants Received			
Additions to fixed assets	(8,079,240)	-22,595,142	(2,939,787)
Cash inflows/(outflows) from Financing Activities	41,231,789	9,602,571 (4,844,060)	
(Decrease)/Increase in Accumulated Funds	0	0	0
(Decrease)/Increase in Trust funds		41,231,789	9,602,571 (4,844,060)
Net Increase/(decrease) in cash and other cash equivalent	47,922,314 30,189,122 6,038,638		
Cash and other cash equivalents at beginning of year			30,606,354
Cash and other cash equivalents at the end of the year			78,528,668



**ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006	2005
	R	
ACCUMULATED FUNDS		
Capital Development Fund	0	
TRUST FUNDS		
Administration Fund		238,701
Bucket Eradication	2,594,496	
Capital Projects	294,955	1,339,107
Community Based Public Works		241,838
Clysdale Pilot Housing	4,227,490	323,050
CETA	674,132	
CDW	117,405	
CMIP Projects		258,895
Community Sports		0
Council Offices		8,280,321
Council Allowance	27,928	
Disaster - Mgmt	362,396	302,647
DWAF Capital	1,316,129	
DWAF Sanitation	1,709,599	
Establishment Fund		525,097
HIV / Aids	1,066,325	3,868,269
Holding Account		6,030,990
Ibisi - Township	656,026	919,627
Local Economic Development	96,867	2,142,670
Maluti Township	5,838,096	482,432
Maluti Trading Authority		2,373
MSIG Projects	1,434,506	4,199,547
Municipal Support Grant	16,920	1,322,011
Reserve Funds	9,135,405	10,098,493
Sports & Recreation	703,151	1,231,197
Taxi Ranks	116,400	
Training Fund		478,880



AT 30 JUNE 2006 (cont...)

	2006	2005
		R
PROPERTY, PLANT AND EQUIPMENT		
Property, Plant and Equipment at beginning of the year	0	0
Capital expenditure during the year	12,177,542	22,595,142
Add: Motor Vehicle (Volvo sold on Auction)	460,000	
Less: Assets written off, transferred or disposed of during the year - Volvo	(460,000)	0
Transfer to Sisonke District Municipality	(3,709,204)	
Total fixed assets acquired	8,468,338	22,595,142
Less: Loans redeemed and other capital receipts	(8,468,338)	22,595,142)
Net Property, Plant and Equipment at year end	0	0

a) Volvo was disposed during 2005/06 financial year having an original cost of R460,000.00 which was acquired during 2004/05 financial year.

b) An amount of R3,709,204.00 represents assets that has been transferred from ANDM to Sisonke District Municipality due to incorporation of Umzimkhulu Local Municipality into KZN.

LONG-TERM DEBTORS

Staff Motor Vehicle Loans	1,347,420	2,413,987
Less: Short-term portion of long-term debtors transferred to current assets	(525,494)	(1,066,567)
	821,926	1,347,420

This represents a decrease of R525,494.00 due to payments made by debtors during the course of the financial year



ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2006 (cont...)

	2006	2005
		R
ACCOUNTS RECEIVABLE		
Trade debtors (Establishment & Services Levies)	4,754,628	2,161,700
Staff Study Loans	26,999	26,090
Vat input control account - SARS	31,000,226	8,741,130
	<u>35,781,853</u>	<u>10,928,920</u>

INVESTMENTS

Call deposits	34,806,325	96,802,046
Long Term Investments - Investec	11,959,997	11,509,997
	<u>46,766,322</u>	<u>108,312,043</u>

Included in the total investment figure is the long term investment from Investec amounting to R11 959 997 which is stated at market value and fair value as at 30 June 2006. Other Investments amounting to R34,806 million, that finances infrastructure and operations have been stated at carrying value as at year end 2006.





ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2006 (cont...)

	2006	2005	
		R	
ACCOUNTS PAYABLE			
Trade Creditors	3,909,226	8,471,551	
DBSA Loan Interest Accrued		1,148,955	573,106
Creditors - Provisions	7,215,466		-
	<u>12,273,647</u>		<u>9,044,657</u>

Included in creditors is the provision for outstanding RSC Levies claimed by OR Tambo District Municipality of payments erroneously by by government departments into ANDM account.

PROVISIONS

Audit Fees	350,000	350,000
	<u>350,000</u>	<u>350,000</u>

APPROPRIATIONS

Appropriation account:

Accumulated (surplus) at the beginning of the year	(52,674,816)	(45,464,743.00)
Operating deficit/(surplus) for the year	2,107,570	(7,040,628.00)
Appropriation for the year	350,000	(169,445.00)
	<u>(50,217,246)</u>	<u>(52,674,816.00)</u>

CASH GENERATED BY OPERATIONS

(Surplus)/Deficit for the year	(2,457,570)	(7,210,073)
Adjustments for :-		
Contribution to capital outlay		-
Investment income	(3,664,438)	(7,766,341)
Operating (surplus)/deficit before changes in net working capital	(6,122,008)	(14,976,414)



Increase/(decrease) in net working capital	(7,552,560)	13,995,275
Decrease/(increase) in accounts receivable, long-term debtors	(3,776,280)	5,889,082
(Decrease)/increase in accounts payable and provisions	(3,776,280)	8,106,193
	(13,674,568)	(981,139)

ALFRED NZO DISTRICT MUNICIPALITY

Schedule of Investments for the year ended 30 June 2006

Details	Opening Balance	Movements	Interest on Investments	Closing Balance
Bucket Eradication		2,594,496		2,594,496
CETA - Plant Account	1,554,276	-880,144		674,132
CDW		117,405		117,405
Council Allowances/FMG	1,041,882	-1,013,954		27,928
Disaster Management Centre	42,392	320,005		362,396
HIV / Aids	4,224,447	-3,158,122		1,066,325
DWAF Capital	3,486,565	-2,170,437		1,316,129
DWAF Sanitation	2,465,173	-755,574		1,709,599
Ibisi - Township	973,476	-317,450		656,026
Local Economic Development	2,507,498	-2,410,631		96,867
Provincial Dept. of Roads & Transport - T98 & T85	519,352	5,318,743		5,838,096
MSIG Projects	3,206,784	-1,772,279		1,434,506
Municipal Election Support	352,101	3,875,390		4,227,490
Municipal Support Programme	1,460,370	-1,443,450		16,920
Reserve Funds	10,205,069	-1,069,665		9,135,405
Sports & Recreation	1,277,242	-574,091		703,151
Municipal Infrastructure Grant	27,372,109	-27,290,977		81,132
Capital Projects	1,660,946	-1,365,990		294,955
Vote 2	2,916,721	-2,911,316		5,405
Vote 3	2,860,109	-1,984,769		875,339
Vote 4	2,413,185	-953,351		1,459,834
Vote 5	5,290,107	-5,211,204		78,903
Vote 6	9,469,315	-8,593,322		875,993
Vote 7	3,355,916	-2,198,025		1,157,891
Total	88,655,036	-53,848,711		34,806,325



ALFRED NZO DISTRICT MUNICIPALITY

Schedule of Trust Funds for the year ended 30 June 2006

Details	Closing Balance		Movements	Interest on Investments
	2006	2005		
Administration Fund	0	-238,701		238,701
Bucket Eradication	2,594,496	2,594,496		0
Community Based Public Works		294,955	-1,044,152	
Municipal Election Support		0	241,838	
CMIP		4,227,490	3,904,440	
CETA	0	-258,895		258,895
CDW	674,132	674,132		0
Community Sport	117,405	117,405		0
Council Offices	0	0		0
Council Allowance	0	-8,280,321		8,280,321
Disaster - Mgmt	27,928	27,928		0
DWAF Capital		362,396	59,749	
DWAF Sanitation Establishment Fund	1,316,129	1,316,129		0
HIV / Aids Holding Account	1,709,599	1,709,599		0
Ibisi - Township Local Economic Development		0	-2,801,944	525,097
Provincial Dept. of Roads & Transport - T98 & T85	0	-6,030,990		6,030,990
Maluti Tribal Authority	656,026		-263,601	
MSIG Projects		96,867	-2,045,803	
		5,838,096	5,355,664	
			0	2,373
	1,434,506	-2,765,041		



Municipal Support Grant Reserve Funds	16,920	-1,305,091	
Sports & Recreation	9,135,405	-963,088	
Taxi Ranks	703,151	-528,046	
Training	0	-116,400	116,400
Water & Sanitation	0	-478,880	478,880
Municipal Infrastructure Grant	0	-2,116,313	2,116,313
	81,132	-26,984,757	27,065,889
	30,352,958	-41,231,789	71,584,747

**ALFRED NZO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2006 (cont...)**

**2006
R**

CASH AND OTHER CASH EQUIVALENTS

ANDM Levies Bank Account	4,272
ANDM Primary Bank Account	9,891,425
Project Account	91
Petty Cash	789
	9,896,577

Note: The above balances excludes long term investments which are separately disclosed under Note 6.

BANK OVERDRAFT

Project Account

CASH AND OTHER CASH EQUIVALENTS

ANDM Levies Bank Account	4,272
ANDM Main Bank Account	9,891,425
Project Account	91
Petty Cash	789
Investments	34,806,325
Bank Overdraft	



This note represents the balance of cash and other cash equivalents that is disclosed in the cash flow statement for the year ended 30 June 2006.

LONG TERM LIABILITIES

DBSA Loan amount at the beginning of the year
 Less: Amount paid during the year
 Add: Additional Loan in the Current Year

a) Loan granted by DBSA to ANDM to finance ANDM Offices amounting to R12,026,793. The loan was to finance Phase 2 of the offices during the 2004/05 financial year.

b) Further Loan amounting to R25,0 million granted by DBSA to ANDM over twenty years to finance capital projects. So far the amount received is R9,405,631.00

APPENDIX C

ALFRED NZO DISTRICT MUNICIPALITY

**ALYSIS OF PROPERTY, PLANT AND EQUIPMENT
 FOR THE YEAR ENDED 30 JUNE 2006**

Expenditure 2003/2004		Budget 2004/2005	Balance 30-Jun-04	Expenditure 2004/2005
R		R	R	R
0	GRANTS AND SUBSIDIES			0
0	CMIP GRANTS	0	0	0
21,292,771	OTHER INCOME	13,599,000	21,292,771	16,339,196



0	Human resource and finance			
0	Economic development			
0	Office of the mayor			
0	Council general			
0	Technical			
<hr/>				
21,292,771	Total Property, Plant and Equipment	13,599,000	21,292,771	16,339,196
<hr/>				
21,292,771	Less Loans redeemed and other capital receipts		21,292,771	16,339,196
<hr/>				
21,292,771	Contributions from operating income	13,599,000	21,292,771	16,339,196
0	Contributions from grants	0	0	0
0	Contributions from donations	0	0	0
<hr/>				
0	NET PROPERTY, PLANT AND EQUIPMENT	0	0	0





ALFRED NZO DISTRICT MUNICIPALITY

**ANALYSIS OF OPERATING INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2006**

ACTUAL		BUDGET		
2005		2006		
R		R		INCOME
(19,477,762)		(18,208,152)		
(19,477,762)		(18,208,152)		Grants and subsidies
(15,076,882)		(18,000,000)		
(2,482,527)		(1,573,070)		Operating income
(4,819,024)		(10,426,930)		Establishment levy
(7,775,331)		(6,000,000)		Services levy
				Other income
(34,554,644)		(36,208,152)		Total Income

				EXPENDITURE
10,340,112		12,855,133		
5,692,625		7,443,743		Human Resource & Finance
4,170,733		4,777,390		Salaries, wages and allowances
143		209,000		General expenses
476,611		425,000		Repairs and maintenance
				Contributions to capital outlay
2,740,757		5,287,110		Economic & Social Development
2,064,204		4,250,535		Salaries, wages and allowances
554,799		859,575		General expenses
0		47,000		Repairs and maintenance
121,754.94		130,000.00		Contributions to capital outlay
8,479,607		17,244,392		Office Of The Mayor
5,869,384		11,227,392		Salaries, wages and allowances
2,302,830		4,525,000		General expenses
0		618,000		Repairs and maintenance
307,392		874,000		Contributions to capital outlay



**ALFRED NZO DISTRICT MUNICIPALITY
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

2005 R	2005 R	2006 R	2006 R
Actual Income	Actual Expenditure	Actual Income	Actual Expenditure
(19,477,762)			Grants and subsidies (25,894,064)
(15,076,882)	27,514,015		Operating Income (11,049,201)
	27,514,015		Administration section
	10,340,112		Human Resource and Finance
	2,740,757		Economic Development
	8,479,607		Office of the Executive Mayor
	2,234,143		Council General
	3,719,396		Infrastructure Development
	-		Capital Development Expenses
	-		Local bodies 12(6)(a)
	-		Capital Projects
	-		Regional functions section 12(6)(a)
	-		TLC Grants
(34,554,644)	27,514,015	Total	(36,943,265) 39,050,835

Appropriations for the year
(refer to note 9)



NET (surplus)/deficit for the year

Unappropriated (surplus)/accumulated
deficit at the beginning of the year

**Unappropriated (surplus)/accumulated
deficit at the end of the year**







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GENERAL INFORMATION

OVERVIEW		
<u>Budget and Expenditure 2005/06</u>		
The 2005/06 budget and expenditure was as follows	Budgeted	Actual
<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		
Total Expenditure		

Reporting Level	Detail	Total
Information:	Geographic and Demographic Statistical information	
1	Geography:	Total
	<ul style="list-style-type: none"> ■ Geographical area in square kilometres <i>(Data Source: Municipal Demarcation Board)</i> 	6858
2	Demography:	
	<ul style="list-style-type: none"> ■ Total population <i>(Data Source: Statistics South Africa: Census 2001)</i> 	408 715
3	Indigent Population	
	<p>Alfred Nzo District Municipality defines indigent household as a household with a combined gross monthly income NOT exceeding R 1 100.</p> <p><u>Individual Monthly Income</u></p> <ul style="list-style-type: none"> ■ None ■ R 1 - R 400 ■ R 401 - R 800 ■ R 801 - R 1600 ■ R 1,601 - R 3,200 ■ R 3,201 - R 6,400 	446,336 33,283 52,339 7,203 5,712 3,894



	<ul style="list-style-type: none"> ■ R 6,401 - R 12,800 ■ R 12,801 - R 25,600 ■ Over R 25,600 	<p>956</p> <p>147</p> <p>532</p>
<i>(Source of Data: Statistics South Africa: Census 2001)</i>		
4	Voters	Total
	Total number of voters (<i>2004 Elections</i>)	No data
5	Aged breakdown:	
	- between 0 and 4 years	68,155
	- between 5 and 14 years	174,111
	- between 15 and 34 years	167,334
	- between 35 and 64 years	106,346
	- 65 years and over	34,454
<i>(Source of Data: Statistics South Africa: Census 2001)</i>		
Reporting Level	Detail	Total
6	Household income:	No. HH
	<ul style="list-style-type: none"> ■ None ■ R 1 - R 4,800 ■ R 4,801 - R 9,600 ■ R 9,601 - R 19,200 ■ R 19,201 - R 38,400 ■ R 38,401 - R 76,800 ■ R 76,801 - R 153,600 ■ R 153,601 - R 307,200 ■ R 307,201 - R 614,400 ■ R 614,401 - R 1,228,800 ■ R 1,228,801 - R 2,457,600 ■ Over R 2,457,600 	<p>48,855</p> <p>15,187</p> <p>32,603</p> <p>15,218</p> <p>6,788</p> <p>3,678</p> <p>1,299</p> <p>305</p> <p>132</p> <p>68</p> <p>217</p> <p>59</p>
<i>(Source of Data: Statistics South Africa: Census 2001)</i>		



Function:	EXECUTIVE AND COUNCIL
Sub Function:	N/A

1. OVERVIEW:

By the year under review, Alfred Nzo District Municipality comprises of two local municipalities Umzimvubu and Matatiele . The municipality has its offices in Mt Ayliff

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangements

The Council

The council of Alfred Nzo is formed by the Speaker and 25 councillors as members of the council. The council holds ordinary meetings on a quarterly basis.

The Executive Committee,

Alfred No District Municipality functions with a mayoral committee which in the year under review, consisted four member chaired by the executive Mayor. The mayoral committee reports to the council through the executive mayor

2.2 The Mandate of the Municipality

The Municipality has the mandate to;

- i. To Deliver Water and Sanitation Services
- ii. To render support services to local municipalities
- iii. Prepare and review IDP
- iv. To deliver in line with the local government strategic agenda and
- v. Align itself to the prescripts of the:

The constitution

The Local Government Systems Act

The Local Government Structures Act

Municipal Finance Management Act



2.3 Strategic Objectives of the Function

The strategic objectives of this function are.

- i. Sustainable and equitable service provision amongst all local communities
- ii. Eradicate service delivery backlogs
- iii. Poverty alleviation
- iv. Create job opportunities

2.4 Key Issues for 2005/06

- i. Economic and Infrastructure Development
- ii. Institutional development and transformation
- iii. Financial Viability
- iv. Environmental Management

3 ANALYSIS OF THE FUNCTION:

	Statistical information on Executive and Council function include:	Total
3.1	Councillor detail:	
	i. Total number of Councillors	27
	ii. Number of Councillors in the Mayoral Committee	5
3.1	Ward detail:	
	i. Number of Wards	
	o Matatiele	24
	o Umzimvubu Local Municipality	24
	ii. Number of Ward Meetings	102
3.1	Number and type of Council and Committee meetings:	
	i. Council meetings	4
	ii. Special Council meetings (including budget meeting)	2
	iii. Emergency Council meetings	
	iv. Mayoral Committee meetings	14
	v. Special Mayoral Committee meetings	2
	vi. Budget and Treasury Standing Committee meetings	4
	vii. Human Resources Standing Committee meetings	10
	viii. Infrastructure Standing Committee meetings	5
	ix. Economic Development Standing Committee meetings	10



x. Social Development Standing Committee meetings	10
xi. Local Labour Forums	8
xii. Other (Specify) District Communicators Forum	5

Function:	FINANCE AND ADMINISTRATION
Sub Function:	FINANCE

1. OVERVIEW:

The finance function includes all services relating to the finance activities of the municipality. The Financial Statements and Related Financial Information are included in Chapter 4 of this report.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangements

Finance is administered within the Department of Budget and Control and includes

- i. Income and Expenditure sections Headed by Director Finance
- ii. Treasury which includes Budget & Procurement which is headed by Chief Finance Officer

2.2 The Mandate of the Municipality

- i. Collection and administration of revenue
- ii. Budgeting and Control of Expenditure
- iii. Administration of Grants and reporting

2.3 Strategic Objectives of the Function

The strategic objectives of this function are.

- i. Enhance revenue collection
- ii. Promote financial vibrancy of the municipality
- iii. Effective expenditure according to approved budget
- iv. Ensure expenditure according to approved budget
- v. Budget inline with the IDP priorities

2.4 Key Issues for 2005/06

- i. Effective implementation of MFMA
- ii. Increase the revenue base
- iii. Asset Management



3 ANALYSIS OF THE FUNCTION:

3.1 Debtor billings and Collections: number and value of monthly billings and collections:					
		Water	Sanitation	Sundries	Levy
Month	Number Billed				
July 2005	Billing				332,145
	Receipts				242,890
Aug 2005	Billing				328,190
	Receipts				189,450
Sep 2005	Billing				318,100
	Receipts				209,125
Oct 2005	Billing				211,175
	Receipts				182,100
Nov 2005	Billing				248,122
	Receipts				190,205
Dec 2005	Billing				248,348
	Receipts				204,165
Jan 2006	Billing				183,120
	Receipts				141,085
Feb 2006	Billing				223,140
	Receipts				145,120
Mar 2006	Billing				268,124
	Receipts				203,121
Apr 2006	Billing				221,189
	Receipts				186,128
May 2006	Billing				252,125
	Receipts				201,018
Jun 2006	Billing				394,120
	Receipts				228,120



Overall Balance – June 2006				
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3.2	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:			
	Period	Water	Sanitation	Total
	30 Days	n/a	n/a	
	60 Days	n/a	n/a	
	90 Days	n/a	n/a	
	120 Days	n/a	n/a	
	Over 120 Days	n/a	n/a	
3.3	Write off of debts: number and value of debts written off:			
		Water	Sanitation	Total
	Number	n/a	n/a	
	Value	n/a	n/a	
3.4	Property rates (Residential):		Number	Value (R)
	i. Number and value of properties rated		n/a	n/a
	ii. Number and value of properties not rated		n/a	n/a
	iii. Number and value of rate exemptions		n/a	n/a
	iv. Rates collectible for the current year		n/a	n/a
3.5	Property rates (Commercial):		Number	Value (R)
	i. Number and value of properties rated		n/a	n/a
	ii. Number and value of properties not rated		n/a	n/a
	iii. Number and value of rate exemptions		n/a	n/a
	iv. Rates collectible for the current year		n/a	n/a
3.6	Property rates (Industrial):		Number	Value (R)
	i. Number and value of properties rated		n/a	n/a
	ii. Number and value of properties not rated		n/a	n/a
	iii. Number and value of rate exemptions		n/a	n/a



iv. Rates collectible for the current year	n/a	n/a
--	-----	-----

	Detail	Total																			
3.7	Regional Service Council (RSC) levies:	Number	Value (R)																		
	<ul style="list-style-type: none"> i. Number and value of returns ii. Total Establishment levy iii. Total Services levy iv. Levies collected for the current year 																				
3.8	Property valuation:																				
	<ul style="list-style-type: none"> i. Year of last valuation ii. Regularity of valuation 	n/a	n/a																		
		n/a	n/a																		
3.9	Indigent Policy:	Number	Value (R)																		
	<ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (total value across municipality) 																				
3.10	Creditor Payments: List of five largest creditors																				
	<table border="1"> <thead> <tr> <th>Month</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>01 JULY 2005 TO 30 JUNE 2006</td> <td>(NAME)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>(Amount)</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Month	1	2	3	4	5	01 JULY 2005 TO 30 JUNE 2006	(NAME)						(Amount)						
Month	1	2	3	4	5																
01 JULY 2005 TO 30 JUNE 2006	(NAME)																				
	(Amount)																				
3.11	Credit Rating:	R (000s)	Date																		
		-	-																		
3.12	External Loans:	Received R (000s)	Paid R (000s)																		
	DBSA																				
3.13	Delayed and Default Payments:	R (000s)	Date																		

3.14	Cost to employer of all finance personnel:	Total	Cost (R)
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	<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		
	Total Operating Cost for the Function of Finance		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Actual	Target
REVENUE MANAGEMENT			
BUDGET PREPARATION	Prepared Budget and adopted by Council		
EXPENDITURE			
ASSET MANAGEMENT	Prepared municipal asset register and updated the register on a continuous basis	On-going	On-going
IT SYSTEMS			
COMPLIANCE WITH LEGISLATION			
SUPPLY CHAIN MANAGEMENT			
IMPLEMENTATION OF INDEGENT POLICY		No. Beneficiary	No. Indigent



Function:	FINANCE AND ADMINISTRATION
Sub Function:	HUMAN RESOURCES AND ADMINISTRATIVE SUPPORT

1. OVERVIEW:

This function includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction, performance management systems, code of conduct detail and decision making systems.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The function of human resource management within the municipality is administered as follows and includes:

Human Resource Management

- Career Management
- Human Resource Development
- Labour Relations and OHS

Admin Support

This section is headed by an assistant director and has the following main function:

- OFFICE Support
- Registry and archives
- Security Cleaning Services

2.2

2.3 Strategic Objectives of the Function

The strategic objectives of this function are.

- i.
- ii. Compliance with relevant legislation
- iii. Effective recruitment and selection process in attracting skilled employees



- iv. Maintain low turnover rate and high level of employee satisfaction

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i.
- ii.
- iii.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number and cost to employer of all Corporate Services personnel:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Professional (Directors/Managers) ii. Non-Professional (Clerical/Administrative) iii. Temporary iv. Contract 		
3.2	Cost to employer of all Corporate Services personnel:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		
Total Operating Cost for the Function of Corporate Services			

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Actual	Target
Systems Administration	Improved information management system		
	Development of Council Policies		
Human Resource Management	Recruited of new staff members to vacant posts budgeted for as part of organisation development		
	Conducted skills training and capacity building to municipal staff		
	Conducted skills training and capacity building to Councillors		



	Implementation of Performance Management System in order to have all senior managers on Performance Contract		
--	--	--	--

Function:	FINANCE AND ADMINISTRATION
Sub Function:	OTHER ADMINISTRATION (PROCUREMENT)

1. OVERVIEW:

This function includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

In 2005/06, this function was administered through a Bid Committee, which was making recommendations to the Mayoral Committee on procurement of external services.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Distribute tenders equitably
- ii. Create an enabling environment for development of SMME's
- iii. Ensure involvement of women and youth in service delivery projects.

2.3 Strategic Objectives of the Function

The strategic objectives of this function are.

- i. Ensure transparency in procurement of goods and services.
- ii. Deliver efficient tender processes for speedy service delivery.

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i.
- ii.
- iii.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Details of bid / procurement activities:	Number	
	i. Total number of times that Bid committee met during year		



	ii. Total number of tenders considered iii. Total number of tenders approved iv. Average time taken from tender advertisement to award of tender	
3.2	Details of Bid Committee:	Position
	i.	Chairperson
	ii.	Member
	iii.	Member
	iv.	Member
	v.	Member
	vi.	Member
	vii.	Member

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
BLACK EMPOWERMENT	Percentage of PDI who benefited for contracts awarded		
PROVISION OF EFFICIENT TENDER PROCESSES	Number of contracts awarded contracts awarded within three months from the date of tender advert		
CONTRACT RISK MANAGEMENT	Number of contracts completed successfully on time		

Function:	PLANNING AND DEVELOPMENT
Sub Function:	ECONOMIC DEVELOPMENT

1. OVERVIEW:

This function includes all activities relating to the Local Economic Development, Land Administration, Town Planning and Housing.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement



The function of Planning and Development within the municipality is administered as follows and includes;

Local Economic Development

Indicate administrative arrangements in terms of powers and function and the roles of the Provincial Department, District Municipality and the Local Municipalities

Tourism

Indicate administrative arrangements in terms of powers and function and the roles of the Provincial Department, District Municipality and the Local Municipalities

Environmental Management

Indicate administrative arrangements in terms of powers and function and the roles of the Provincial Department, District Municipality and the Local Municipalities

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Support the development of SMMEs
- ii. Provision of water and sanitation services
- iii. Protect the environment

2.3 Strategic Objectives of the Function

The strategic objective of the function are:

- i. SMME Development
- ii. Promotion and Development of Local Tourism

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i.
- ii.
- iii.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number and cost to employer of all economic development personnel:	Total	Cost (R)
	i. Professional (Directors / Managers)		



	<ul style="list-style-type: none"> ii. Non-professional (Clerical / Administrative) iii. Temporary iv. Contract 		
3.2	Detail and cost of incentives for business investment:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Initiative 1 ii. Initiative 2 		
3.3	Detail and cost of other urban renewal strategies:	Total	Cost (R)
	<ul style="list-style-type: none"> i. ii. 		
3.4	Detail and cost of other rural development strategies:	Total	Cost (R)
	<ul style="list-style-type: none"> i. ii. 		
3.5	Number of people employed through job creation schemes:		
	<ul style="list-style-type: none"> i. Short-term employment ii. Long-term employment 		
3.6	Number and cost to employer of all Building Inspectors employed:		
	<ul style="list-style-type: none"> i. Number of Building Inspectors ii. Temporary iii. Contract 		
3.7	Details of building plans:		
	<ul style="list-style-type: none"> i. Number of building plans approved ii. Value of building plans approved 		
3.8	Type and number of grants and subsidies received:		
	Grants received during the year are reported on Page 128		
3.9	Cost to employer of Development and Planning personnel	Total	Cost (R)
	<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		
	Total Operating Cost for the Function of Planning & Dev.		

Key Performance	Performance During the Year,	Current	Target
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Area	Performance Targets Against Actual Achieved and Plans to Improve Performance		
LOCAL ECONOMIC DEVELOPMENT	Development of an LED Strategy		
TOURISM	Developed Local Tourism Organization		
ENVIRONMENTAL MANAGEMENT	■		
	■		
	■		
	■		

Function:	HEALTH
Sub Function:	CLINICS

1. OVERVIEW:

This function of includes all activities associated with the provision of health. Health services in the area are provided by the Department of Health, and the private sector

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

Department of Health implements the District Health system, which includes hospitals, clinics, mobile clinics and primary health care.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Facilitate the provision of health services in its area
- ii. Identify community needs of health services in its area
- iii. Join the national campaign against HIV/Aids
- iv. Support communities living with health problems
- v. Provide access roads to clinics and other health centres

2.3 Strategic Objectives of the Function



The strategic objective of the function are:

- i. Health community actively involved in service delivery programmes
- ii. Effective training and campaign against HIV/Aids.
- iii. Limit the spread of HIV/Aids
- iv. Easy access to health facilities by all communities

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Training of care givers
- ii. Revival Local Aids Council

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number and cost to employer of all health personnel:	Total	Cost (R)
	i. Professional (Doctors/Specialists)	0	0.00
	ii. Professional (Nurses/Aides)	0	0.00
	iii. Para-professional (Clinic staff qualified)	0	0.00
	iv. Non-professional (Clinic staff unqualified)	0	0.00
	v. Temporary	0	0.00
	vi. Contract	0	0.00
3.2	Number, cost of public, private clinics servicing population:	Total	Cost (R)
	i. Public Clinics (owned by municipality)	0	0.00
	ii. Public Clinics (owned by Department of Health)		
	iii. Private Clinics (owned by private, fees based)		
3.3	Total annual patient head count for service provided by the municipality:	Total	Cost (R)
	i. 65 years and over	N/A	0.00
	ii. between 40 and 64 years	N/A	0.00
	iii. between 15 and 39 years	N/A	0.00
	iv. 14 years and under	N/A	0.00
3.4	Estimated backlog in number of and costs to build clinics:	Total	Cost



			(R)
	i. Mt Ayliff Magisterial District Area ii. Mt Frere Magisterial District Area iii. Maluti Magisterial District Area		
3.9	Cost to employer of Clinics	Total	Cost (R)
	i. Personnel Expenditure ii. General Expenses: iii. Repairs and Maintenance iv. Capital Expenditure		0.00 0.00 0.00 0.00
	Total Operating Cost for the Function of Health		0.00

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
HIV/AIDS	Training of care givers	66	66

Function:	COMMUNITY SERVICES
Sub Function:	ALL INCLUSIVE

1. OVERVIEW:

This function of includes all activities relating to the function of Community and Social Services of the Municipality. The municipality provides direct services in Environmental Health and Protection Services, Social Services, Traffic and licensing. The municipality also facilitates and provides support in provision of other services such as fire rescue and disaster management, which fall under the competence of the district municipality and the province.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The function for the provision of community services within the municipality is administered as follows and includes;

Environmental Health: includes management and control of air pollution,



Child care facilities, public nuisances, undertakings that sell liquor to the public, facilities for the accommodation, care and burial of animals, licensing and control of undertakings that sell food to the public, licensing of dogs, markets, municipal abattoirs, noise pollution and pounds. This function was still within the competence of the provincial department by the end of 2005

Disaster Management; includes the provision of the Disaster Management Services.

Fire Fighting and Rescue Services;

The fire services are administered by Alfred Nzo District Municipality.

Health and Hygiene Awareness;

Provision of health and hygiene awareness programmes in conjunction with the municipal sanitation programme.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Facilitate provision of environmental health services by the province
- ii. Manage and monitor the municipality's programmes of community development, poverty alleviation, humanity support, and reviving cultural and social value
- iii. Maintain data base and report on progress on community development
- iv. To manage and control development in disaster prone areas
- v. To inculcate hygienic practice among the community through intensive awareness and motivation programme

2.3 Strategic Objectives of the Function

The strategic objective of the function are:

- i. To ensure that the community is living in a safe environment
- ii. To improve the living standard of the community
- iii. To minimise risk of loss of life and property from various disasters and fire
- iv. To develop a planning framework for provision of community services
- v. To reduce the rate of diseases contacted from lack of hygiene practices among the community

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Community Development
- ii. Poverty Alleviation
- iii. Health - HV & AIDS

3 ANALYSIS OF THE FUNCTION:



Statistical Information			
3.1	Nature and extent of facilities provided	Total	Cost (R)
	i. Library services	None	0.00
	ii. Museums and art galleries	None	0.00
	iii. Other community halls/facilities	None	0.00
	iv. Cemeteries and crematoriums	None	0.00
	v. Child care (including creches etc)	None	0.00
	vi. Aged care (including aged homes, home help)	None	0.00
	vii. Schools	None	0.00
	viii. Sporting facilities (specify)	None	0.00
	ix. Parks	None	0.00
	x. Library services	None	0.00
3.2	Number and cost to employer of all personnel associated with each community services function:	Total	Cost (R)
	i. Museums and art galleries	None	0.00
	ii. Other community halls/facilities	None	0.00
	iii. Cemeteries and crematoriums	None	0.00
	iv. Child Care	None	0.00
	v. Aged Care	None	0.00
	vi. Schools	None	0.00
	vii. Sports Facilities	None	0.00
	viii. Parks	None	0.00
3.3	Cost to employer of Disaster Management services personnel:	Total	Cost (R)
	i. Personnel Expenditure		
	ii. General Expenses : HIV/Aids		
	iii. General Expenses : Other		
	iv. Repairs and Maintenance		
	v. Capital Expenditure		
Total Operating Cost for the Function of Disaster Management			R2 122 678
3.4	Cost to employer of Fire Fighting	Total	Cost (R)
	vi. Personnel Expenditure		
	vii. General Expenses : HIV/Aids		
	viii. General Expenses : Other		
	ix. Repairs and Maintenance		
	x. Capital Expenditure		
Total Operating Cost for the Function of Fire Fighting			



The Operating Cost for the function health and hygiene is included in the total cost for Social Development.		
--	--	--

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
ENVIRONMENTAL HEALTH	Indicate any initiatives in Environmental Health		
DISASTER MANAGEMENT		Indicate actual number of call-outs	On-going
FIRE FIGHTING AND RESCUE		Indicate actual number of call-outs	On-going
HEALTH AND HYGIENE AWARENESS	Provided health and hygiene awareness campaign to households in villages planned for VIP toilets	Indicate actual number of household	Indicate planned number of household
Function:	HOUSING		
Sub Function:	N/A		

1. OVERVIEW:

This function includes all activities associated with provision of housing.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The function for the provision of housing is as follows and includes;

Housing Infrastructure Development: is administered by the Local Municipalities.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Provide support to local municipalities in development of Housing Sector Plan.



2.3 Strategic Objectives of the Function

The strategic objective of the function are:

- i. Improve the living standard of the community
- ii. Ensure safety of temporary and permanent building structures
- iii. Prevent development in areas that are hazardous and environmentally sensitive
- iv. Ensure security of tenure to low and middle income communities
- v. Management and control of land invasion by providing alternative and proper housing for the community.

3 ANALYSIS OF THE FUNCTION:

The analysis and performance areas fall within the competence of the local municipalities.

Function:	WASTE WATER MANAGEMENT
Sub Function:	SEWERAGE (SANITATION), ETC

1. OVERVIEW:

This function includes provision of sewerage services and toilet facilities.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

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

Expansion of sewerage infrastructure:

Operation and maintenance:

Alfred Nzo District Municipality is responsible for operation and maintenance budget of the sewerage function for whole municipal area. While Local Municipalities continued to be a Services provider for urban areas, Alfred Nzo District Municipality was subsidising the operational cost of the sewerage function in these urban centres.

Free Basic Services:



The Free Basic Services is funded by Alfred Nzo District Municipality. With respect to the service provider function, local municipalities provide free basic services in sewerage services through subsidy in tariffs charged on households in urban areas, while Alfred Nzo District municipality provides one (1) VIP toilet in rural areas as a Free Basic Service.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number of all personnel associated with sewerage functions:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Professional (Engineers/Consultants) ii. Field (Supervisors/Foremen) iii. Office (Clerical/Administration) iv. Non-professional (blue collar, outside workforce) v. Temporary vi. Contract 		
3.2	Number of households with sewerage services, and type and cost of service: <i>(source: 2001 census)</i>	Total	Cost (R)
	<ul style="list-style-type: none"> i. Flush toilet (connected to sewerage system) ii. Flush toilet (with septic tank) iii. Chemical toilet iv. Pit latrine with ventilation v. Pit latrine without ventilation vi. Bucket latrine vii. No toilet provision 		
3.3	Anticipated expansion of sewerage:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Flush/chemical toilet ii. Pit latrine iii. Bucket latrine iv. No toilet provision 		
3.4	Total additional operating cost per year to the municipality for the expansion of sewerage:		
3.5	Free Basic Service Provision (2005/06)	Total	Cost (R)



	<ul style="list-style-type: none"> ■ In Urban Areas by local municipalities: <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) ■ In Rural Areas by Alfred Nzo District Municipality: <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) 	361	1.264,000
3.6	Cost to employer of all personnel associated with sewerage function:		Cost (R)
	<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		1,120,615 47,500 80,285 0.00
	Total Operating Cost of Sewerage Function		1,248,400

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Provision of sewerage services	Operated and maintained sewerage system serving the community of households and businesses		
Expansion of sewerage services	Provided new sewerage connection to unserved households	(Number)	(Number)
	Eradicated bucket system to households in urban centres	(Number)	(Number)
Provision of Free Basic Services	Construction of VIP Toilets		





Function:	ROAD TRANSPORT
Sub Function:	ROADS

1. OVERVIEW:

This function includes all activities of the municipality relating to construction and maintenance of roads within the municipality's jurisdiction.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

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

Access Roads:

The provision of access roads is a shared function with the district municipality.

These services extend to include construction and maintenance of local roads but do not take account of the National Routes, Provincial and District roads, which fall within the competence of the SA National Roads Agency and the Provincial Department of Roads and Transport.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to

- i. The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, includes a street in build-up areas.
- ii. Facilitate the provision of provincial and district roads by provincial and national roads departments.
- iii. Develop IDP priorities in road transport for the municipal area.

2.3 Strategic Objectives of the Function

The strategic objective of the function are:

- i. Provision of basic services in roads services to all households in the municipal area.
- ii. Ensure that the road network in the area provide effective and efficient road net
- iii. Ensure that all households have at least basic level of services in sanitation services.
- iv. Ensure that all public utilities have sanitation facilities



2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Maintenance of old access roads
- ii. Expansion of access roads to non-serviced areas
- iii. Provision of a compulsory stop for trucks on the National Route N2 at Mt Free by the National Department of Transport following a horror accident involving a truck and stationary cars and pedestrians.
- iv. Widening of N2 and provide a barricaded median at Mzimvubu Cuttings by the National Department of Transport to prevent head-on collision of vehicles at the horizontal curve.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number of all personnel associated with road maintenance and construction	Total (Number)	Cost (R)
	<ol style="list-style-type: none"> i. Professional (Engineers/Consultants) ii. Field (Supervisors/Foremen) iii. Office (Clerical/Administration) iv. Non-professional (blue collar) v. Temporary vi. Contract 	2	
3.2	Total number, kilometres and total value of road projects planned (2005/06) and current (2004/05):	Total (Kms)	Cost (R)
	<ol style="list-style-type: none"> i. Current Projects: New bituminous (number) ii. Current Project: Existing re-tarred (number) iii. Current Project: New gravel (number) iv. Current Project: Existing Rehabilitated (number) i. Planned Projects: New bituminous (number) ii. Planned Projects: Existing re-tarred (number) iii. Planned Projects: New gravel (number) iv. Planned Projects: Existing re-sheeted (number) 		
3.3	Total kilometres and maintenance cost associated with existing roads provided:	Total (Kms)	Cost (R)
	<ol style="list-style-type: none"> i. Tar ii. Gravel 		
3.4	Average frequency and cost of re-tarring, re-sheeting roads	Total (Kms)	Cost (R)
	<ol style="list-style-type: none"> i. Tar ii. Gravel 		



3.5	Estimated backlog in number of roads, showing kilometres and capital cost	Total (Kms)	Cost (R)
	<ul style="list-style-type: none"> i. Tar ii. Gravel 		
3.6	Total value of specific road grants actually received during year		Value (R)
	<ul style="list-style-type: none"> i. MIG ii. Equitable Share <p>Grants received during the year are reported on Page 128</p>		
3.7	Cost to employer of all personnel associated with roads function:		Cost (R)
	<ul style="list-style-type: none"> xi. Personnel Expenditure xii. General Expenses xiii. Repairs and Maintenance xiv. Capital Expenditure 		
	Total Operating Cost of Roads Function		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Construction of new roads	Construction of new gravel access roads	(km)	(km)
	Construction of new surfaced roads	(km)	(km)
Maintenance of existing roads	Re-gravelling of existing gravel access roads	(km)	(km)
	Rehabilitation of existing surfaced roads	(km)	(km)





Function:	ROAD TRANSPORT
Sub Function:	PUBLIC BUSES

1. OVERVIEW:

The function includes all activities associated with the provision of a public bus service to the community.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The municipality does not provide the public bus service in its area of jurisdiction. The public bus service responsibilities of the municipality are administered as follows and include:

Taxi Services: are administered by the taxi owners associations

Bus Services: are administered by the bus owners associations

Public Transport Management: The municipality's responsibilities are to provide public utilities for public transport and facilitated dialogue amongst various public transport operators.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to

- i. Provide public utilities for public transport operators and the commuters;
- ii. Establish local public transport forums
- iii. Develop Public Transport Framework.

2.3 Strategic Objectives of the Function

The strategic objective of the function are:

- i. Availability of public transport to all communities in the area.
- ii. Ensure culture of dialogue amongst public transport operators
- iii. Adequate capacity of public utilities in the transport sector

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Provision of a taxi rank in Mt Frere to shift taxi operators from the sides of the national route N2 within Mt Frere town
- ii. Establishment of Public Transport Forums
- iii. Facilitation of dialogue between Taxi owners and Bus owners on the use of Mt Ayliff Taxi Rank.



Function:	WATER
Sub Function:	WATER DISTRIBUTION

1. OVERVIEW:

This function includes the bulk purchase and distribution of water.

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The water purchase and distribution functions of the municipality were administered as follows and include

Water Services Authority:

Alfred Nzo District Municipality became the Water Services Authority as from 1 July 2005 and is therefore responsible for water services function in the municipal area.

Water Services Providers:

Local municipalities continued as Services Providers in Urban Centres, while Alfred Nzo District Municipality retained the Service Provider function in rural areas.

Operation and maintenance:

Alfred Nzo District Municipality is responsible for operation and maintenance budget of the water services function for whole municipal area. While Local municipalities continued to be Water Services providers for urban areas, Alfred Nzo District Municipality was subsidising the operational cost of the water services function in these urban centres.

Free Basic Services:

The Free Basic Services is funded by Alfred Nzo District Municipality. With respect to the service provider function, local municipalities provided free basic services in water services through subsidy in tariffs charged on households in urban areas, while Alfred Nzo District Municipality provides 6kl per household per month as Free Basic Water in rural areas.

2.2 The Mandate of the Municipality

The municipality of Alfred Nzo has the mandate to:

- i. Perform Water Services Authority function in its area of jurisdiction



- ii. Operate and maintain water services infrastructure

2.3 Strategic Objectives of the Function

The strategic objective of the function are:

Reduction of backlog in water services

2.4 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Provision of clean water in Mt Ayliff town
- ii. Prepare Water Services Development Plan
- iii. Complete Section 78 Assessment
- iv. Taking over of DWAF staff

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number of all personnel associated with water function:	Total	Cost (R)
	<ul style="list-style-type: none"> i. Professional (Engineers/Consultants) ii. Field (Supervisors/Foremen) iii. Office (Clerical/Administration) iv. Non-professional (blue collar) v. Temporary vi. Contract 		
3.2	Percentage of total water usage per month	Percent (%)	Volume (KI)
	<ul style="list-style-type: none"> i. July - 2005 ii. Aug - 2005 iii. Sep - 2005 iv. Oct - 2005 v. Nov - 2005 vi. Dec - 2005 vii. Jan - 2006 viii. Feb - 2006 ix. Mar - 2006 x. Apr - 2006 xi. May - 2006 xii. Jun - 2006 		
	Total		
3.3	Total volume and cost of bulk water purchases in	Volume	Cost



	kilolitres and rand, by category of consumer:	(kl)	(R)
	<ul style="list-style-type: none"> i. Bulk water purchases from DWAF ii. Bulk water purified 		
3.4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:	Volume (kl)	Cost (R)
	<ul style="list-style-type: none"> i. Units not billed to individual consumers ii. Units billed 		
3.5	Total year-to-date water losses in kilolitres and rand	Volume (kl)	Cost (R)
	<ul style="list-style-type: none"> i. Water Losses 		
3.6	Number of households with water service, and type and cost of service	Total (Number)	Cost (R)
	<ul style="list-style-type: none"> i. Piped water inside dwelling ii. Piped water inside yard iii. Piped water on community stand: distance < 200m from dwelling iv. Piped water on community stand: distance > 200m from dwelling v. Borehole vi. Spring vii. Rain-water tank viii. River / Stream ix. Water vendor x. Other 		
3.7	Number and cost of new connections:	Total (Number)	Cost (R)
	Total number of new connections for water services		
3.8	Number and cost of disconnections and reconnections:		
3.9	Number and total value of water projects planned and current:	Total (Number)	Cost (R)
	<ul style="list-style-type: none"> i. Current ii. Planned 		
3.10	Anticipated expansion of water service:	Total (Number)	Cost (R)
	<ul style="list-style-type: none"> i. Piped water inside dwelling ii. Piped water inside yard iii. Piped water on community stand: distance < 200m from dwelling iv. Piped water on community stand: distance > 200m from dwelling v. Borehole 		
	Anticipated expansion of water service (cont.):		



	<ul style="list-style-type: none"> i. Spring ii. Rain-water tank 		
3.11	Estimated backlog in number (and cost to provide):	Total (Number)	Cost (R)
	<ul style="list-style-type: none"> i. Piped water inside dwelling ii. Piped water inside yard iii. Piped water on community stand: distance < 200m from dwelling iv. Piped water on community stand: distance > 200m from dwelling v. Borehole vi. Spring vii. Rain-water tank 		
3.12	Free Basic Service Provision (2003/04)	Total	Cost (R)
	<ul style="list-style-type: none"> ■ In Urban Areas by local municipalities <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) ■ In Rural Areas by Alfred Nzo District Municipality: <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) 	46,082	94.05
3.13	Type and number of grants and subsidies received:	Total (Number)	Value (R)
	<ul style="list-style-type: none"> i. MIG <p>Grants received during the year are reported on Page 128</p>		
3.14	Cost to employer of all personnel associated with Water Distribution functions:		Cost (R)
	<ul style="list-style-type: none"> i. Personnel Expenditure ii. General Expenses iii. Repairs and Maintenance iv. Capital Expenditure 		
	Total Operating Cost of Water Distribution Function		



Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Provision of Water Services	Provide continuous supply of water services	(HH)	All households and business units
Reduction of backlog	Expansion of water services to non-serviced areas	(HH)	
Maintenance of Infrastructure	Reduced water losses in the distribution system		





Function:	ELECTRICITY
Sub Function:	Electricity Distribution

1. OVERVIEW:

This function includes the bulk purchase and distribution of electricity. The local municipalities are Service Authorities for the function of Electricity Supply in their area of jurisdiction but ESKOM is the Service Provider licensed perform the function of electricity distribution in the entire area of Alfred Nzo District Municipality

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

The water purchase and distribution functions of the municipality were administered as follows and include:

Grid Electricity:

Grid electricity distribution in urban and rural areas is administered by the Kwa-Zulu Natal Region of Eskom.

Non-Grid Electricity:

Non-Grid electricity is distributed in rural areas only and is administered by the Eskom-Shell as the Service Provider.

Free Basic Electricity:

The provision of Free Basic Electricity is administered by local municipalities, through funding agreement signed with Eskom for grid electricity and Eskom-Shell for non-grid electricity.

2.1 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Provision of Free basic Electricity
- ii. Preparation of Electricity Sector Plan
- iii. Consultation with the Department of Minerals and Energy to provide more funding to reduce electricity backlog in the municipal area.

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number of all personnel associated with water function:	Total	Cost (R)
	i. Professional (Engineers/Consultants)		
	ii. Field (Supervisors/Foremen)		
	iii. Office (Clerical/Administration)		



	<ul style="list-style-type: none"> iv. Non-professional (blue collar) v. Temporary vi. Contract 		
3.2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer	Volume (KI)	Cost (R)
	<ul style="list-style-type: none"> i. Residential ii. Commercial iii. Industrial iv. Mining v. Agriculture vi. Other 		
3.3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:	Volume (KI)	Cost (R)
	<ul style="list-style-type: none"> i. Residential ii. Commercial iii. Industrial iv. Mining v. Agriculture vi. Other 		
3.4	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:	Volume (KI)	Cost (R)
	<ul style="list-style-type: none"> i. Quantity Purchased From Eskom less Total Billed 	N/A	N/A
3.5	Number of households with electricity access, and type and cost of service:	Quantity (kwh)	Cost (R)
	<ul style="list-style-type: none"> i. <u>Electrified areas</u> <ul style="list-style-type: none"> ■ Grid Electricity (Solar) ■ Non-Grid Electricity ii. <u>Alternate energy source</u> (Data Source: Census 2001) <ul style="list-style-type: none"> ■ Gas ■ Paraffin ■ Candles/Wood iii. Non electrified (Total of HH less HH Electrified) 		
3.6	Number and cost of new connections:	Total (Number)	Cost (R)
	<ul style="list-style-type: none"> i. Grid Electricity 	No Data	R 3,780 / HH
	<ul style="list-style-type: none"> ii. Non-grid Electricity 	No Data	R 3,500 / HH



3.7	Number and total value of electrification projects planned and current:	Total (Number)	Cost (R)
	i. Current	No Data	Unknown
	ii. Planned (by end of 2006)	6,550	24,759,000
3.8	Anticipated expansion of electricity service:	Total (HH)	Cost (R)
	i. Grid Electricity	6,550	24,759,000
	ii. Non-grid Electricity	300	1,050,000
3.9	Estimated backlog in number (and cost to provide) electricity connection:	Total (Number)	Cost (R)
	i. Backlog in electricity services	60,188	227,500,000
3.10	Free Basic Service Provision (2005/06)	Total (No. of HH)	Cost (R)
	<ul style="list-style-type: none"> ■ FBE on Grid Electricity <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) [R/hh/Yr] ■ FBE on Non-grid Electricity <ul style="list-style-type: none"> i. Quantity (number of households affected) ii. Quantum (value to each household) [R/hh/Yr] 		
	Total Expenditure on Free Basic Electricity (2005/06)	12,909	R 896,090

3.13	Type and number of grants and subsidies received:	Total (Number)	Value (R)
	i. Equitable Share - Free Basic Electricity Grants received during the year are reported on Page 128		
3.14	Cost to employer of all personnel associated with sewerage functions:		Cost (R)
	i. Personnel Expenditure		0.00
	ii. General Expenses		0.00
	iii. Repairs and Maintenance		0.00
	iv. Capital Expenditure		0.00
	Total Operating Cost of Electricity Distribution Function		0.00

Key Performance	Performance During the Year,	Current	Target
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Area	Performance Targets Against Actual Achieved and Plans to Improve Performance		
Provision of Free Basic Electricity	Provide 20 kw per household per month to all households connected to grid electricity		
	Provide 20 kw per household per month to all households connected to grid electricity		
Integrated Planning for Electrification	Preparation of Electricity Sector Plan		

Function:	ELECTRICITY
Sub Function:	Street Lighting

1. OVERVIEW:

This function includes all activities associated with the provision of street lighting to the community

2. DESCRIPTION OF THE ACTIVITY:

2.1 Administrative Arrangement

Local municipalities are responsible for street lighting, high mast lighting and general lighting at public facilities.

2.2 Strategic Objectives of the Function

The strategic objective of the function are:

- i. Ensure that all households have at least basic level of services in sanitation services.
- ii. Improve the living standard of the poor community by providing them with Free basic electricity

2.3 Key Issues for 2005/06

Key issues for 2005/06 were:

- i. Provision of street lights in Maluti and Mt Ayliff towns

3 ANALYSIS OF THE FUNCTION:

Statistical Information			
3.1	Number and total operating cost of streetlights servicing population:	Total	Cost (R)
	Total		



3.2	Total bulk kilowatt hours consumed for street lighting:		





SUMMARY OF GRANTS RECEIVED

Name of Grant	Source of Grant	Quarter	Amount	Actual Date Received
MUNICIPAL INFRASTRUCTURE GRANT	DPLG	Apr 2005 to June 2006		
		Jul 2005 to Sept 2006		
		Oct 2005 to Dec 2006		
		Jan 2005 to Mar 2006		
		Apr 2005 to Jun 2006		
		Total Funds Received	R107,882,000	
EQUITABLE SHARE	NATIONAL TREASURY	Apr 2005 to June 2006		
		Jul 2005 to Sept 2006		
		Oct 2005 to Dec 2006		
		Jan 2005 to Mar 2006		
		Apr 2005 to Jun 2006		
		Total Funds Received		
		Apr 2005 to June 2006		
		Jul 2005 to Sept 2006		
		Oct 2005 to Dec 2006		
		Jan 2005 to Mar 2006		
		Apr 2005 to Jun 2006		
		Total Funds Received		
		Apr 2005 to June 2006		
		Jul 2005 to Sept 2006		
		Oct 2005 to Dec 2006		
		Jan 2005 to Mar 2006		
		Apr 2005 to Jun 2006		
		Total Funds Received	R58,346,000	



ANNEXURES

Budget For 2004 - 2006 MTEF Period

6.1 SUMMARY PER LINE ITEM

ACCOUNT DESCRIPTION	BUDGETED 2003/2004	ACTUAL 2003/2004	BUDGETED 2004/2005	BUDGETED 2005/2006	BUDGETED 2006/2007
1. PERSONNEL EXPENDITURE					
Salaries	13 274 998.74	8977 176.30	17611255.60	28633713.00	
Bonuses	741 912.93	600 592.28	1878092.00	3795385.00	
Pension Contribution	1195 920.08	1008 698.04	2498104.00	2954354.00	
Medical Aid	683 570.47	586 986.25	1058994.00	1221661.00	
Housing Allowances	1026 892.09	80 500.00	1399876.76	1384283.00	
Motor Vehicle	3 712 172.50	1 986 258.41	3870391.40	3330548.00	
UIF	106 124.95	50 862 .86	160117.00	288725.00	
SDL	223 941.24	200 853.14	308390.61	4530996.00	
TOTAL PERSONNEL EXPENSES	20965533.00	13491927.00	28785221.37	46139665.00	



