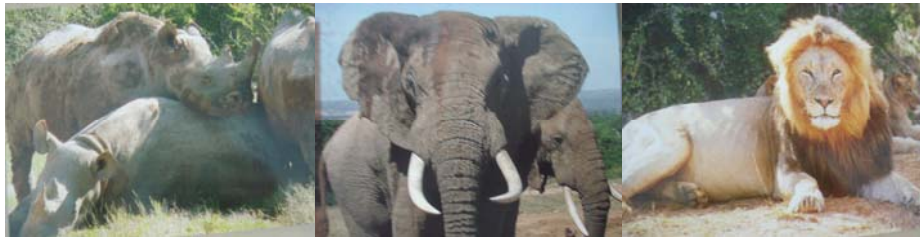


# *Sundays River Valley Municipality*

## *Annual Report 2006 / 2007*



**Table of Contents**

**CHAPTER 1 – INTRODUCTION AND OVERVIEW**

- 1.1 Mayor’s Foreword**
- 1.2 Municipal Manager’s Report**
- 1.3 Introduction and Overview**
- 1.4 Governance and Administrative Structure**
  - 1. Political Structure
  - 2. Administrative Structure
- 1.5 Key Development Objectives and Strategies**

**CHAPTER 2 – BACKGROUND ON SERVICES DELIVERED BY THE MUNICIPALITY**

**Performance of Municipality and Highlights**

- 1. Directorate: Corporate Services
- 2. Directorate: Infrastructure and Engineering Services
- 3. Directorate: Community and Social Services
- 4. Local Economic Development and Integrated Development Plan
- 5. Directorate: Financial Services

**CHAPTER 3 – OVERSIGHT REPORT FOR 2006/2007**

- 3.1 Oversight report for 2006/2007**

**CHAPTER 4 – APPENDICES AND GLOSSARY**

- 4.1 Annexure A : Annual Financial Statements for year ended 30 June 2007**
- 4.2 Annexure B : Auditor-General Report for the 2006/2007 Financial Year**

## **CHAPTER 1**

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

This is the second annual report of the Sundays River Valley Municipality since I took office. I am proud to present it on behalf of the Sundays River Valley Municipality and its residents. It is of particular historic significance to the Sundays River valley Municipality and its communities. To be where we are today is the culmination of a long and arduous journey - a journey that was embarked upon in 2000 to promote Batho Pele principles.

An annual report reflecting successes, achievements, shortcomings and challenges have been submitted to Council. That report bore testimony to how SRVM approached its constitutional mandate. In this regard, SRVM is fully appreciative and conscious of the enormity of its mandate, in particular, the daunting task of being accessible to the entire communities of the valley.

The past financial year our ultimate goal was to ensure that we change the plight of our people by providing services, continuous development, poverty alleviation and most importantly job creation. To a certain degree, the municipality has achieved a noticeable change in these areas.

The municipality can safely report on the following:

- 4175 households are registered indigent;
- 4175 of the indigent households have access to free basic electricity;
- 4175 of indigent households have access to free basic sanitation;
- Subsidising indigent with by means of equitable share;
- 6 KL free basic water;
- 50 KWH of free basic electricity;

The municipality endeavours to ensure that the local development activities within the area are accelerated. This is done through vigorous negotiations with potential investors from different sectors of economy. The municipality is optimistic that once negotiations are concluded, the economic and social aspects of our communities will change because of the spin-offs these projects will bring to the valley.

I am also delighted about other strides the municipality has managed to gain in the past year, to mention, but few:

- Back to School Campaign – donation of books and uniforms to needy children in selected schools;
- Mayor Outreach Programme – listening to people needs;
- Provincial Vuna Awards 3<sup>rd</sup> position for Good Governance;
- Bucket Eradication at Paterson;

- Mobile Libraries to Rural Areas;
- New Traffic Department;
- JV Project with Fresh Produce Terminal (Addo Cold Storage) worth R48 million;
- Completion of Kirkwood waste water treatment works;
- Approval of 801 Houses Noluthando in progress;
- 450 Enon Bersheba in progress;
- 750 Moses Mabida;
- Paterson 250;
- Addo/Nomathamsanqa 300;
- Addo/Nomathamsanqa Ceiling and Plastering 1728 units, etc.

Municipality has spent the following:

R132 354 000.00	Topstructures
R 30 015 000.00	Infrastructure
R 13 000 000.00	Plastering and Ceiling

Our main challenge is to have sufficient funds to address the peoples need eg: Paterson Water problems etc. But through the interaction and support with other department will overcome these challenges.

My special thanks goes to the Cacadu District Municipality for their endless support to the municipality in terms of grants, capacity building, environmental health, disaster and fire services.

Having stated the above, the municipality does have its own problems, which are political and administrative in nature, however, there are positive signs that are surfacing to address those problems.

Although the year under review posed challenges for my political leadership, we have managed to pull the strides together. This is through the collective support that I receive from other political strata and the dedicated staff compliment. Let me take this opportunity to express my appreciation to the Councillors for their unwavering support on the year under review. The staffs under the leadership of the Municipal Manager have been the pillar of strength and I thank them for their continued support.



**Cllr Siphokazi Matinise**  
**THE SPEAKER/MAYOR**

## 1.2 MUNICIPAL MANAGER'S REPORT

It gives me great pleasure to present the second Annual Report to Council and the Communities of the Sundays River Valley Municipality at large. This report indicates the institution's performance in terms of implementing all planned activities relating to core functions of local government and as well as all governance and administrative functions for the 2006/2007 financial year.

In the year under review, groundbreaking gains were achieved. The aim of this report is to highlight the key achievements in terms of the municipality strategic objectives for the period 2006/2007.

The 2006/2007 financial year has presented us with serious challenges as well as great enthusiasm and professionalism that Councillors, Directors and staff have shown in dealing with matters of developmental local government. Although we can robustly claim successes in dealing with day-to-day issues, we are not oblivious to the complex challenges that must be addressed in the next financial year and beyond.

The municipality is faced with mammoth task of ensuring that the relationship between the political office-bearers and administration is harmonized as the failure to do so have a direct impact into service delivery. The latter will ensure that there is a continuous improvement and effective, efficient functioning of the municipality. I am therefore optimistic that the municipality will rise to the occasion and ensure that there is orderly development within our communities in general. I am personally delighted that the municipality has reached a number of important milestones as highlights of 2006/2007 financial year, to mention, but few:

- Advance Geographic Information System;
- IT upgraded Network System;
- Installation of new Water Pre-paid System;
- Computerised Intellireq System – Requisition;
- Introduction of Electronic Hand Held Meter Reading System;
- Complete Eradication of Bucket System;
- Mobile Wheelie Libraries to Rural areas;
- Building of a New Traffic Department;
- Introduction of Vuku Tracking System for the Municipal vehicles;
- 3<sup>rd</sup> Prize in the 2006/2007 Provincial Vuna Awards for Good Governance;
- Joint Venture Project with Fresh Produce Terminal (Addo Cold Storage) worth R48 million;
- Completion of Kirkwood Waste Water Treatment Works Phase 6, etc.

Having reflected to the gains made by the municipality, it is not to suggest that there were challenges. To mention, but few:

- Compliance standards for the compilation of Annual Financial Statements;

- Effectiveness of the Credit Control;
- Poverty alleviation and Job creation;
- Delays on the approval of housing projects;
- Payment of Bonuses to Section 57 employees;
- Interference of politics to administration;
- Monitoring tools for the indigent (listing and delisting);
- Risk Management System, etc.

The municipality as third tier closest to the citizens is harmonizing its systems so that is community friendly.

I am delighted that I have been entrusted to be responsible for management of the SRVM administration. It is my opinion that SRVM has achieved a lot with the little budget it has and can be classified as one of the progressive municipalities with the Province of the Eastern Cape.

I wish to thank the Honourable Mayor, Cllr. Siphokazi Matinise for her support on the governance side, by enabling the creation of appropriate policies and frameworks so that the municipality may prosper.

I also want to thank some Councillors, who remained true to providing leadership, wisdom and support, even when things were looking bleak for the municipality.

Many thanks, too, to the management and staff for continuing to rise to the occasion with each and every turn in the municipality.



**Nkosiyabo King Singanto**  
**MUNICIPAL MANAGER**

### **1.3 INTRODUCTION AND OVERVIEW**

Since 1994, legislation has formed the foundation of local government system. The Local Government: Municipal Structures of 1998, the Municipal Demarcation Act of 1998, the Local Government: Municipal Systems Act of 2000, the Local Government: Municipal Structures Amendment Act of 2000, the Local Government; the Municipal Finance Management Act of 2003, and the Municipal Property Rating Act of 2004 were designed to make municipalities more accountable, financially sustainable and able to deliver essential services to the communities.

The above arrangements has resulted in institutions been rebuilt, administration has been reorganized, workable governance arrangements have been established, personnel have been relocated, revenue management has been improved and access to basic infrastructure and services has been significantly broadened. This means the tasks of developing new infrastructure, upgrading existing infrastructure and improving the quality of people's lives are the responsibility of local government.

Kirkwood, established in 1885, was originally named Bayville. In 1913 it was renamed in honour of John Kirkwood. Paterson was named in honour of John Paterson, a member of the Cape Parliament. Paterson was instrumental in supporting the laying of the railway to the north of Port Elizabeth. The town was founded on a farm Papenskuilfontein. In 1903, the first town management, consisting of three council members, was established.

#### **Current situation**

The Sundays River Valley Municipality is in the Province of the Eastern Cape, forming part of the Cacadu District Municipality. It includes Addo Elephant Park, the Woody Cape Nature Reserve along side the coast, and the Sundays River Valley irrigation and citrus farming region. The valley is characterized by harsh climate conditions, with the rainfall of 250mm – 500mm per annum spread over a year.

The rural settlements such as Enon, Bersheba and Sunland are home to people active in the agricultural industry. Agriculture is the main sector of employment in the Sundays River Valley, employing 50% of work force. The trades and community services sectors also play an important role of the economy of the region.

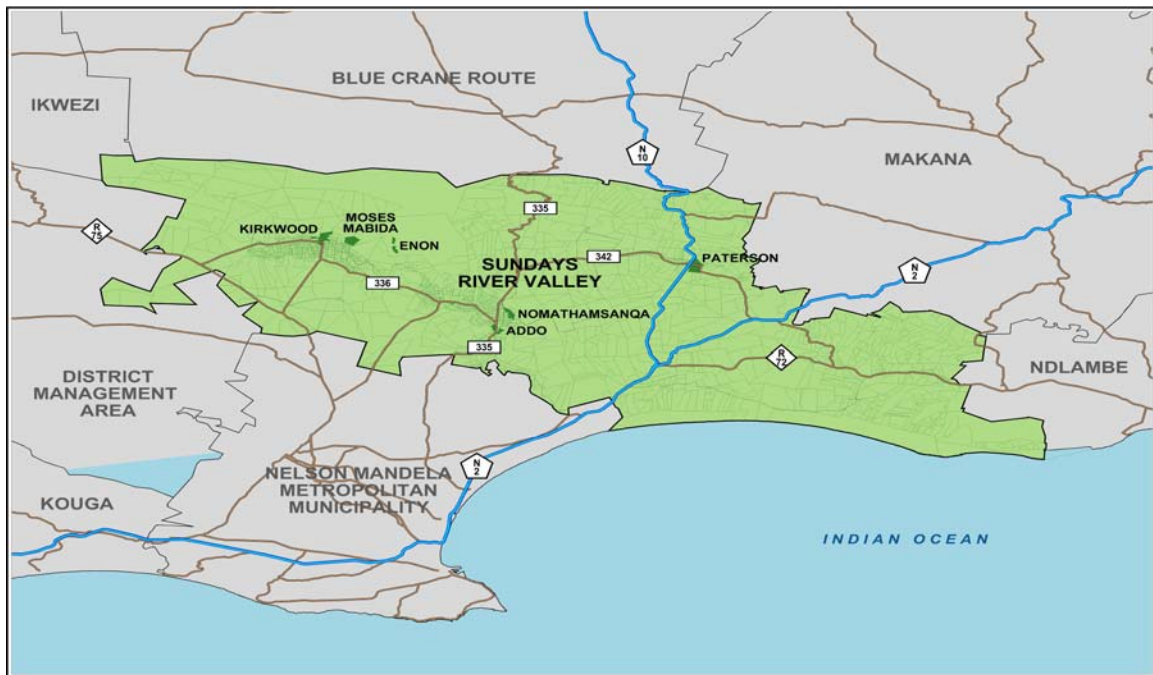
Water of the area is generally adequate and reliable. Paterson has problems with bulk water supply. Current water supplies obtained from a number of boreholes and are inadequate. The Sundays River Valley urban areas require upgrading of the bulk supply reservoirs, treatment works and pipelines. The majority of all households in the area have access to electricity. The general status of internal and access roads through the area is average to poor. Refuse removal in the area is performed by the municipality on a door-to-door basis.

Sundays River Valley Municipality is a category B municipality with a plenary executive system combined with a ward participatory system established in terms of the Local Government: Municipal Structures Act 117. The political structure of the Sundays River Valley Municipality is made of 12 Councillors from the African National Congress and 2 from the Democratic Alliance. Councillor Siphokazi Matinise is a Mayor and chairs all Council meetings. The administrative structure has 4 Directorates namely, Corporate Services, Financial Services, Engineering and Infrastructure, and Community Services. The administrative structure is led by the Municipal Manager Mr. Nkosiyabo King Singanto. The corporate structure performs a strategic and advisory role to the political office-bearers.



## 1.4 GOVERNANCE AND ADMINISTRATIVE STRUCTURE

### GEOGRAPHICAL AREA



The map above depicts geographical location of the Sundays River Valley Municipality

### COUNCIL AND EXECUTIVE STRUCTURE

The structure above depicts the Governance Structure of the Sundays River Valley Municipality Office-bearers. It reflects 14 councillors of the Sundays River Valley Municipality, 12 from the African National Congress and 2 from the Democratic Alliance.

### CHAIRPERSONS AND MEMBERS OF STANDING COMMITTEES

IDP and LED

**Cllr. S.H. Matinise (Mayor)**

Cllr. Z.A. Lose

Cllr. D.C. Jonas

Cllr. L.J. Kula

Finance and Administration

**Cllr. D.C. Jonas**

Cllr. L.P. Ngcangca

Cllr. J.S. Delpont

Cllr. N.G. Hawu

Infrastructure and Engineering

**Cllr. Z.A. Lose**

Cllr. M.V. Tambo

Cllr. Z.D. Gumbe

Cllr. P.J. Frost

Cllr. A Dancey

Community Services

**Cllr. L.J. Kula**

Cllr. H. Jantjies

Cllr. F Adams

Cllr. V.C. Tshaka

The above committees meet on six weekly basis and makes recommendations to Council for consideration and approval

### **MEMBERS OF THE COUNCIL**

Mr F Adams

Mr A Dancey

Mr J.S. Delpont

Mr P.J. Frost

Mr Z.D. Gumbe

Mrs N.G. Hawu

Mr H Jantjies

Mr D.C. Jonas

Mrs L.J. Kula

Mr Z.A. Lose

Miss S.H. Matinise

Mr L.P. Ngcangca

Mr M.V. Tambo

Miss V.C. Tshaka



Front from left: Cllr ZD Gumbe, Cllr A Dancey

Middle from left: Cllr LJ Kula, Cllr NG Hawu, Cllr SH Matinise (Speaker/Mayor), Cllr H Jantjies, Cllr VC Tshaka, Cllr LP Ngcangca

Back from left: Cllr DC Jonas, Cllr ZA Lose, Cllr A Adams, Cllr PJ Frost, Cllr MV Tambo, Cllr JS Delport

The Council meet on a six weekly basis to resolve on matters submitted for consideration and implementation.

## **ADMINISTRATION STRUCTURE**

MUNICIPAL MANAGER	Mr N.K. Singanto
DIRECTOR: CORPORATE SERVICES	Mr S.L. Somngesi
DIRECTOR: INFRASTRUCTURE & ENGINEERING	Mr D. Mlenzana
DIRECTOR: FINANCIAL SERVICES	Mr M.R. Abdullah
DIRECTOR: COMMUNITY SERVICES	Vacant

## **PHYSICAL ADDRESS**

23 Middle Street  
Kirkwood  
6120

Telephone Number  
Fax Number  
E-mail  
Website

## **POSTAL ADDRESS**

P O Box 47  
Kirkwood  
6120

042 230 0310  
042 230 1799  
[renee@kirkwood.co.za](mailto:renee@kirkwood.co.za)  
[www.srvm.co.za](http://www.srvm.co.za)

## **1.5 KEY DEVELOPMENT OBJECTIVES AND STRATEGIES**

The municipality core services is the promotion of sound governance, financial viability, co-operative relations, institutional development, provision of free basic services, provision of infrastructure, etcetera. To reach the goals the municipality has set itself key developmental objectives and strategies as reflected below.

### **Water and Sanitation**

- Eliminate the bucket system and provide waterborne sanitation to 5000 households.

### **Electricity**

- Facilitate the provision of electricity on-site to at least 2000 households per annum over the next 5 years – streetlights to be installed according to the input from both the area community.

### **Housing**

- Erect at least 5000 low-income houses – densification and integration of existing developed areas; adherence to provincial policy guideline; housing development programmes should provide a range of housing options to suit the beneficiaries; identify land for housing development; facilitate the availability of land for business and industrial development; embark on training programmes; investigate the possibility of housing department within the municipality.

### **Land**

- Facilitate the availability of land for housing (urban and rural), small-scale farming and industrial development to accommodate the housing objectives-apply environmental legislation and regulations; encourage positive economic development; facilitate availability of land for business and industrial development; transfer Cacadu District Municipality and state land to the Sundays River valley Municipality.

### **Transport**

- Facilitate the accessibility of public transport, especially between major centres, as well as a bus services for schools- lobby with the department of education to subsidise a bus service for schools; formulate a public-private partnership for the provision of the public transport.

## **Roads and Storm Water**

- Provide tar surfaces and storm water drainage system to all main access roads- upgrade and maintain roads and storm water channels; upgrade all main access roads from gravel to tar; maintain rural roads; provide roads signs and street names in urban areas.

## **Refuse**

- Provide adequate refuse removal service to ensure that the area is environmentally maintained; generally cleansing and cleaning of towns; manage bulk service (dumping sites) according to the Department of Water Affairs and Forestry standards.

## **Safety and Protection Services**

- Create a safe and secure environment and reduce crime levels- promote co-operation between SAPS, municipality, community, police forums, SANDF; promote road safety; investigate the possibility of a local Traffic Department.

## **Education**

- Provide adequate education – apply for funds to improve education system and crèches; public-private partnerships; co-ordinate and control ABET funds and programmes.

## **Health**

- Render efficient, accessible and proper health services to all communities – formulate an HIV/Aids strategy; upgrade and improve services of greatest need; convert hospital to health care facilities; improve mobile clinic services in rural areas.

## **Environmental Health**

- Conserve the environment and prevent and restore degradation – strictly enforce the National Environmental Conservation regulations; prepare and enforce the municipal by-laws; promote and implement town beautification; promote the implementing of indigenous trees.....

## **Social and Community Services**

- Prepare a social development plan and a management policy for all existing social facilities – maintain all available facilities and upgrade whenever possible; involve all role-players; make land available for non-residential issues; ensure access to libraries for all the communities; upgrade facilities to multi-use facilities in central locations i.e. libraries, youth centres and community halls.

## **Local Economic Development**

- Stimulate economic development growth, development and reduce unemployment – promote and develop SMME's, regulations, by-laws and council policies should promote and encourage business investment; utilize council's assets land and buildings effectively; promote and stimulate the opportunities for public-private partnership; provide incentives; promote and market the local area through tourism organizations, customer services and establishment of ongoing linkages; embark on a skills development programme; encourage light industrial development to process local products such as citrus fruit; use small scale farming as a method of creating employment; develop and concentrate on key attractions and extend Addo Elephant Park.

## CHAPTER 2

### 2.1 PERFORMANCE OF MUNICIPALITY AND HIGHLIGHTS

#### DIRECTORATE: CORPORATE SERVICES

Includes all activities relating to the Human Resource Management functions, Secretarial Services and Auxiliary Services to Council and Committees, Archives, Legal Services, Property Management and Library Services.

#### **Ward Committees**

The Sundays River Valley Municipality has seven Ward Committees with a maximum of ten members each. The term of office for members is two years. During August and September 2006 ward committee elections was held in all seven wards and the Inauguration of members took place at the Kirkwood Tennis Club House on 3 November 2006.

The ward committee orientation program was conducted on 26 February 2007 at the Community Hall in Moses Mabida to introduce the newly elected members to council and to outline their duties. Sundays River Valley Municipality see the role of ward committees as a link between the communities and the council, however, a challenge is to further engage with the entire communities to change their mind set in terms of ward committee's role within their respective wards. In addition, the issue of incentive/stipend poses as threat with regard to the effectiveness of members.



**From left:** Cllr D. Gumbe (Ward 1); Cllr A. Dancy (Ward 3); Cllr L.P. Ngangca (Ward 5); Cllr D. de Vos (CDM); Cllr S.H. Matinise (Mayor, SRVM); Cllr H. Jantjies (Ward 7); Mr S.L. Somngesi (Director: Corporate Services) **Absent:** Cllr F. Adams (Ward 2); Cllr D.C. Jonas (Ward 4); Cllr M.V. Tambo (Ward 6)



## **Departmental Team-building**

To boost the morale of staff members a number of team building exercise was undertaken to promote teamwork within the department and a schedule for such is drawn at the beginning of the year. Team-building are held quarterly and the following are highlights and achievements.

Christmas Lunch and Certificate presentation at the Boardwalk to the “Most Helpful Employee” and “Good Work Attendance”.

27 March 2007 – tour to the Kirkwood Correctional Services.

26 June 2007 – tour to Shamwari Game Reserve.

## **Employment Equity Report**

Sundays River Valley Municipality is committed to the achievement of Employment Equity and Equal Opportunities for all its employees. The municipality is actively working towards creating and maintaining a fair and equitable working environment, free from all forms of discrimination. Employment Equity Report is submitted annually on the 1 October to the Department of Labour. This report is derived from the Council Employment Equity Plan which sets the strategic direction of the municipality’s overall employment equity programmes and is over a period of five years.

As a mechanism to monitor the activities of employment equity, the municipality has a Local Labour Forum where issues relating to Employment Equity are discussed. The forum meets six weekly.

## WORKFORCE PROFILE AS AT 30 JUNE 2007

Occupational Categories										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Legislators, senior officials and managers	2	1		1				1			5
Professionals				1			3				4
Technicians and associate professionals	4	2		5			5	2			18
Clerks	3	3		12	5		2				25
Service and sales workers	6	3		2	1			2			14
Skilled agricultural and fishery workers											
Craft and related trades workers	6	3									9
Plant and machine operators and assemblers	5	2									7
Elementary occupations	41	18		6	4						69
<b>TOTAL PERMANENT</b>	67	32		27	10		10	5			151
Non – permanent employees	2			3							5
<b>GRAND TOTAL</b>	69	32		30	10		10	5			156

### Skills Development Training

Council has a Workplace Skills Plan which is submitted annually to Local Government SETA. The plan sets out all the training priorities and planned training for each year. In order to monitor training and development activities Council has a Local Labour Forum where issues relating to training and development are discussed.

In addition Council has adopted a study grant policy whereby 50% contribution is paid to successful candidates, these candidates should study field which is relevant to the municipality.

**SUMMARY OF TRAINED EMPLOYEES FROM 1/07/2006 – 30/06/2007 AS PER OCCUPATIONAL CATEGORIES**

Occupational Categories								White Male	Foreign Nationals		TOTAL
	Male			Female					W	Male	
	A	C	I	A	C	I	W				
Legislators, senior officials and managers	1	1	-	1	-	-	-	-			3
Professionals	-	-	-	-	-	-	2	-			2
Technicians and associate professionals	2	-	-	2	-	-	2	-			6
Clerks	2	-	-	1	3	-	1	-			7
Service and sales workers	2	2	-	-	1	-	-	1			6
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-			-
Craft and related trades workers	-	-	-	-	-	-	-	-			-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-			-
Elementary occupations	11	6	-	-	-	-	-	-			17
<b>TOTAL PERMANENT</b>	18	9	-	4	4	-	5	1			41
Non – permanent employees	-	-	-	-	-	-	-	-			-
<b>GRAND TOTAL</b>	18	9		4	4		5	1			41

**Sundays River Valley Municipality employees were trained in the following courses:**

COURSE NAME	NUMBER OF EMPLOYEES
Computer (IT)	19
Advanced Management Skills for Executive Secretaries / PA's	1
Business Writing Skills	3
Business Plan Formulation	1
Apply Health & Safety to a Work Area	17
<b>TOTAL</b>	<b>41</b>

SRVM is participating in the Municipal Financial Management Reform Programme Internship. The programme is financed by National Treasury whereby it has undertaken to assist municipalities in terms of capacity building, in respect of, financial management skills by allocating funds to them. The Municipal Finance Management Reform Programme envisages the appointment and training of interns by municipalities as a way of addressing the identified skills gap in municipalities. To date there are two learners which have participated in the programme. Both they come from previously disadvantage groups and in terms of gender, one is a male and the other is a female.

The following learnership programmes are due for implementation in 2007/ 2008:

- Water purification
- Local Economic Development (LED) Learnership (NQF 5)
- Secretariat Learnership for Disabled People

### **Challenges**

Some of staff members when sent by municipality on trainings they only get certificate of attendance and not submit the requirements of the particular course in order for them to get certificate of competence. Head of Departments in their budget for training they need to take into cognisance traveling claims as well so that they make some provisions for this. Lack of apathy from some employees in completing skills audit forms but at the end they demand to be trained without having cooperated. In addition to skills audit forms Head of Departments are encouraged to assist by submitting their departmental plans of staff to be up skilled for a particular direction, as this will assist in succession planning.

### **Organisational Structure / Organogram**

The Municipality's organizational structure consists of the following four departments under the umbrella of the Municipal Manager's office:

- Corporate Services
- Financial Services
- Community Services
- Technical Services

The total number of staff employed in each of the four departments on the organizational structure is as follows:

<b>DEPARTMENT</b>	<b>NUMBER OF EMPLOYEES</b>
Office of the Municipal Manager	4
Corporate Services	16
Financial Services	20
Community Services	38
Technical Services	78
<b>TOTAL</b>	<b>156</b>

**Employee related costs 2006/2007**

Actual	15 631 932
Salary budget	17 908 160
Total budget	37 767 656

**Terminations**

Terminations								White Male	Foreign Nationals		TOTAL
	Male			Female					W	Male	
	A	C	I	A	C	I	W				
Resignation				1			1				2
Non-renewal of contract				2							2
Dismissal – Operational requirements (retrenchment)											
Dismissal - misconduct											
Dismissal - incapacity											
Other(Deceased)	1										1
<b>TOTAL</b>	1			3			1				5

## Recruitment

Occupational Levels										TOTAL
	Male			Female				White Male	Foreign Nationals	
	A	C	I	A	C	I	W	W	Male	Female
Top management										
Senior management										
Professionally qualified and experienced specialists and mid-management				1						1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3									3
Semi-skilled and discretionary decision making				2	2					4
Unskilled and defined decision making										
<b>TOTAL PERMANENT</b>	3			3	2					8
Non – permanent employees										
<b>GRAND TOTAL</b>	3			3	2					8

Reports submitted was for the period 1 July 2006 – 30 June 2007

ACTIVITY	DATE OF SUBMISSION
Employment Equity Report	30 September 2006
Workplace Skills Plan (WSP)	30 June 2007

The above submission does not suggest that the municipality is 100% in the implementation of the above plans, there are challenges to reach its set strategic objectives in terms of youth development, gender and women empowerment. In addition, it is with noting that the municipality needs to strive a balance between politics and administration. The latter is aimed at empowering both staff and councillors by sending them in different modules and courses. However, the challenge is that not everybody understands the value of training in terms of self-empowerment in order to be able to execute efficient and effective service delivery to the communities.

### **Library Services**



Sundays River Valley Municipality received an allocation of R515 000 - 00 from the Department of Sports Recreation Arts and Culture for the library services. The allocation has enabled the municipality to spread their activities to all the communities equitable. The libraries now boost with new variety of items ranging from books, heaters, kettles, furniture, shelving, etc.

However, a challenge is to renovate one of the libraries known as Valencia library, which operates from a half-finished building. Subsequently, funds received from Cacadu District Municipality enabled the municipality to renovate the said library by providing ceiling, walls plastered, painting, floors tiled, etc. Valencia and Enon libraries also benefited on the funds provided.

The municipality also received a bakkie for its book wagon (Mobile Library Services) from Cacadu District Municipality. This enabled Sundays River Valley Municipality to bring this much-needed service in operation during the next financial year and closer to the people in rural areas.

### **Wheelie Libraries**

The projects for Wheelie libraries started in June 2005 and is playing a major role in ensuring that the services is taken to all the people of Sundays River Valley, in particular, the disadvantaged. Six Wheelie libraries are in operation at Nomathamsanqa, Valleihof, Enon, Valencia, Moses Mabida and Moreson, Paterson. These libraries are operated by the volunteers from the communities and mentored by library staff.

### **Mobile library**



Despite the thriving Wheelie libraries many communities were still without access to libraries and books. Financial resources and other constraints prevented the Sundays River Valley Municipality to establish more libraries. To cater for the above constraint, mobile library was established. Lessons learned from the introduction of the mobiles are that a mobile service is the only means to expand service by moving a collection rather than duplicating it. Many thanks go to Sundays River Valley Citrus Company for the sponsorship of the book wagon.



### **Holiday Programmes**

In order to ensure that the culture of learning and research is continuous, the Sundays River Valley Municipality has embarked on a school holiday programmes during school vacation. The following activities are offered:

- Paper making workshops;
- A chess workshop presented by E.P junior coach;
- Visits to the Addo Elephant National Park for all libraries;
- Poetry competition;
- Reading projects;
- Story hours;
- Arts and Crafts, etc.

### **Tape Aid for the Blind**

To ensure that the library services is inclusive regardless of human status, Sundays River Valley Municipality received in June 2007 a “mini-library” from Tape Aid for the Blind which was facilitated by the Women’s Institute. Tape Aid has approximately 28000 titles in all eleven national languages.

## **DIRECTORATE: INFRASTRUCTURE AND ENGINEERING SERVICES**

Includes activities associated with the provision of Housing, Refuse Removal, Solid Waste Disposal, Street Cleaning, Sanitation, Water, Electricity, Roads, Planning and Engineering Services.

### **Water Services**



### **Completed Projects 2006/2007**

Greater Kirkwood Waste Water Treatment Plant – Phase 6

Moses Mabida 1.2 MI Reservoir

Kirkwood: Upgrade Water Treatment Plant – Additional Raw Water Storage Pond.

### **Water Demand Management**

Standpipes – yard connections	:	42
Commercial standpipes	:	15

### **Water Services Infrastructure**

○ Dams	:	1
○ Reservoirs	:	12
○ Treatment Plans	:	3
○ Networks	:	4
○ Boreholes	:	3

## **Electricity**

### **Completed Projects 2006/2007**

Emsengeni High Mast Lights	:	R550, 000.00
Electrification of RDP Houses	:	9 new connections

### **Roads/Streets/Stormwater**

Road patchwork is performed regularly. No resealing was performed this year.

### **Solid Waste Management**

Refuse collection once a week.

### **Bucket Eradication**

All 1039 buckets in Paterson have been eradicated.

### **Town Planning and Building Control**

#### **Building Plans**

39 Building plans were approved.

Rezoning	:	3
Consent Use	:	1
Departures	:	2
Subdivision	:	2
Removal of title deeds restrictions	:	1

## Housing



### Current Housing backlog

7 010 Houses

### Houses Constructed 2006/2007

Paterson 155 houses rebuilt

### Current Projects

Noluthando : 801 houses

Addo-Nomathamsanqa : 300 houses

### Future Projects 2008/2009

#### Serviced Sites

Paterson : 150 Houses

Langbos : 150 houses

#### Unserviced Sites

Kirkwood : 1 500 houses

Addo Valencia : 800 houses

Addo Molly Blackburn	:	500 houses
Zuney	:	100 houses

### **Informal Settlements Upgrading 2009/2010**

#### **Unserviced Sites**

Paterson	:	450 houses
Enon-Bersheba	:	525 houses

## **DIRECTORATE: COMMUNITY SERVICES**

Includes activities associated with the provision of Primary Health Care Services, Traffic Services, Environmental Municipal Health Services, Sport and Recreation, upgrading of Cemeteries, Community Halls, empowerment youth, women, disabled, Disaster Management and Fire Services.

### **Environmental Health**

The purpose of this report is to give an overview of Environmental (municipal) Health Services that was conducted during period January – December 2007

### **Food Safety**

#### **Food Handling Premises**

- 37 food-handling premises were evaluated.
- 23 food handling premises complied with the Food ,Cosmetic and Disinfected Act 52 of 1972.
- 14 food-handling premises did not comply with Notices of Compliance when issued to all, in order to rectify the non-conformance.

#### **Dairy Milking Parlour/ Sheds**

- 13 Dairy Milking Sheds were evaluated.
- 6 Dairy Milking Sheds complied with Regulation No R 1256 dated 27 June 1986 and Certificates of Acceptability were granted.
- 7 Dairy Milking Sheds did not comply, were issued and condition Certificate of Acceptability were issued.

#### **Meat Handling Premises**

- Meat Handling Premises were evaluated.
- 2 meat handling premises complied

#### **Informal Food Handling Premises/ Spaza Shops/ Tuck Shops**

- 26 Spaza shops were evaluated.
- 5 Spaza Shops complied with relevant legislative framework under the Food Act.
- 21 Spaza Shops did not comply and were issued with Notices of non-conformances and were given specific periods to comply.

### **Water safety**

- 108 water samples were collected from various locations and send for its microbiological and chemical analysis at the national laboratory.

### **Kirkwood**

- 36 samples were collected.
- 21 complied.
- 15 did not comply. The Technical division were informed to rectify the non compliance.

### **Enon/ Bersheba**

- 24 samples were collected.
- 20 samples complied.
- 4 did not comply. The Technical division were informed to rectify the non – compliance.

### **Addo/ Valencia/ Nomathamsanqa**

- 24 samples were collected.
- 16 samples complied.
- 8 samples did not comply. The Technical division were informed to rectify the non – compliance.

### **Paterson/ Moreson/ Kwazenzele**

- 24 samples were collected.
- 14 samples complied.
- 10 samples did not comply. The Technical division were informed to rectify the non – compliance.

### **Waste Management**

#### **Medical Waste Safety**

9 Health Facilities were evaluated for compliance in terms of medical waste management at facility level. The following reflected the findings:

All 9 Health Facilities complied.

- Kirkwood Clinic
- Moses Mabida Clinic
- Bergsig Clinic
- Kirkwood Life Care Centre
- Sundays Valley Hospital
- Addo Clinic
- Nomathamsanqa Clinic
- Paterson Clinic

- Enon Satellite Clinic

### **General Waste Safety and Dumping Sites**

- dumping sites were evaluated.
- 3 sites did not comply due to lack of proper control, management and supervision of the sites. The animal roaming the sites also poses a serious health and safety hazards.

### **Environmental Safety**

#### **Sterilization Project and Dipping/ Deworming - Cats and Dogs.**

- Outreach projects were conducted.
- Paterson Outreach project was conducted in May 2007 and over 650 animals were inoculated for rabies. The outreach was in collaboration with SPCA.
- Addo Outreach program was conducted in December 2007 and over 550 animals were inoculated. The outreach was in collaboration with Save A Pet.

### **Canal Safety Project**

- 7 meetings were held between the Department of Water Affairs and Forestry and the Environmental Health Officer to find a practical solutions around the safety of canals.
- 2 workshops were conducted, one in March 2007, where volunteers were identified and trained on CPR by National Sea Rescue. A number of stakeholders were present such as SRV Municipal Councillors and senior officials, SAPS, Sundays River Water Association and most schools in the area. The other meeting was held in September 2007, the main purpose was to give feedback on developments around canal fencing, and the possible dates to kick start the project.
- In October 2007 10 schools were visited for awareness purpose. Information pamphlets were distributed, learners were trained on CPR. The learners trained from different schools were:

• Malmasion Primary	:	154
• Riet berg Senior Primary	:	400
• Rietberg Junior Primary	:	134
• Glentana Primary	:	356
• Bongolethu Primary	:	385
• St Ignatius Primary	:	168
• Enon Primary	:	168



- Bersheba Primary : 296
- Bukani Primary : 998
- Vusumsi Primary : 548

### **Pauper Burial**

- 11 applications for pauper burial were received.
- 7 applications were approved and paupers were granted.
- 4 applications were declined due to lack of appropriate documentations.

### **Exhumation**

- applications for exhumation and reburial was received and approved.

### **Traffic**



The Sundays River Valley Municipality Traffic Department consists of the following sections, viz: Law Enforcement, Processing and Administration, Motor Vehicle Registration and Roadworthy.

- **Law Enforcement Functions**

Highway Patrols – This section is operational and is regarded as one of the best-equipped law enforcement section in the province. High tech camera systems are used to concentrate on moving violations, on our busy roads for an example the N2 and the N10 national roads. The Law Enforcement Section forms part of the Arrive Alive Operations that is co-ordinated by the Provincial Traffic Services.

Our monthly law enforcement statistics is proof of our contribution to road safety within the municipal area.

- **Speed Checking**

Speed checking is conducted throughout the boundaries of the Municipality. A special camera project at Nanaga Junction on the N2 is very effective.

- **Roadblocks**

The traffic section also conducts and assists with roadblocks to minimize the effect of crime in the municipal boundaries. Special operations are conducted to identify, retrieve stolen vehicles and to address the smaller criminal activities.

- **Assistance with Public Functions**

Assistance is provided to any person or bodies of persons to ensure the efficient and effective control of traffic on our roads e.g. Kirkwood Annual Wildlife Festival, any road race or procession or gathering.

- **Road Safety Campaigns / Scholar Patrols**

Active participation with the above remains a priority as this ensures that we develop a culture of good practice starting a primary school level to adult motorists. We cover all the schools in the area and conduct regular workshops with the children to encourage them to be safe. Holiday activities are also presented in conjunction with the Library services to keep the children occupied and informed.

- **General Law Enforcement / Visible Policing / Complaints**

General law enforcement covers all aspects of the day to day duties of all officers on the road. Officers are encouraged to remain visible on patrol routes and to assist with emergencies that may arise. Officers also conduct routine spot checks on various routes to ensure compliance of all motorists with the Road Traffic Act. Complaints are investigated when the need arises.

## **Administration**

- **Data Capturing**

Data capturing takes place on a daily basis and full compliance with the relevant legislations is adhered to. All documentation required by any court is produced in-house and this ensures a efficient and effective service to the courts and the public.

- **Public enquiries**

Public enquiries are dealt with speedily and a quick turnaround time is assured.

- **Payment Reception**

Payments from various sources are received at the processing section. (internet, public, courts, mail).

- **Motor Vehicle Registration**

The Municipality is operating as an agent for the Department of Roads and Transport in order to ensure that all vehicles in the Municipality are registered and licensed.

- **Roadworthy**

The section ensures that all vehicles are tested for roadworthiness, according to standards.

## **New Projects Phase 1**

The building of new driving license and motor vehicle license offices was completed in 2007. The need for the abovementioned services was long outstanding. Communities within the Municipality had to travel to other service providers in order to receive assistance. For this reason the Municipality has seek financial assistance from DBSA Bank. The project started in January 2007 and have been completed in December 2007. At this moment the Processing and Motor Vehicle offices have moved into the new building and is operational. The new function namely, the driving license section will soon be operational and one of the workstation for this function has been placed.

## Health



The Sundays River Valley Municipality has a population of more than 60 000. The majority of the population are serviced for health at the 3 Primary Health Care Clinics in Town Clinic, Bergsig and Moses Mabida. They receive a comprehensive package when they visit the clinics as staff are constantly sent on trainings to keep up with the ever changing technological and science demands.

- **Service Delivery**

All Clinics render a comprehensive service including Chronic Care e.g. Hypertension, Epilepsy and Diabetes; Minor Ailments or Curative Care, Mother and Child Services including immunisations and PAP smears, Tuberculosis, HIV and ARV. During the financial year Kirkwood Town Clinic has serviced 24 900 patients. Moses Mabida Clinic has serviced 22 403 patients. Bergsig Clinic has serviced 19 072.

Town Clinic act as a Depot for National Health for condom distribution and more than 500 000 condoms were distributed to Citrus Packhouses, Municipal Offices, Shebeens and Taverns.

- **Measles and Polio Campaign**

National Health is trying to eradicate Measles and Polio in communities. Measles is a killer disease and affects in particular children and adults every year. Cases of Polio are still being noticeable, despite EPI program implemented. A Measles Campaign

was done in 2007 and a Polio Campaign was done with a follow-up on a 4 weekly basis. 7948 Children were immunised during the campaign.

- **Staff Training**

All Professional Nurses did the Dispensing Course to dispense medicine in the clinics as required by the Medicines and Related Substances Act no 50 of 1978. Staff also did computer training to be able to process the statistics easier.

- **NAFCI Accreditation**

Moses Mabida Clinic is a NAFCI accredited Clinic delivering services to Adolescence. All clinics have to become Adolescent friendly and services should accommodate the youth at all times.

- **Baby Hospital Friendly Initiative**

The Hospital was evaluated as a Baby Friendly Hospital according to the Baby Friendly Hospital Initiative as originated by the World Health Organisation and UNICEF. This means that all Ante-Natal patients should be advised on feeding options and Breastfeeding should be promoted as far as possible. Dummies and Bottle feeding should be discouraged as far as possible.

- **Clinic Outreach**

The Clinics are visiting facilities like Old Age Homes to render services to the elders. The Municipality has an arrangement with Valleihof which cater for the elderly to supply Chronic Medications.

## **Sports and Recreation**



Includes activities associated with construction and upgrading of sports facilities, maintenance community halls, cemeteries and youth empowerment on sports.

- **Erection of the Kwazenzele Taxi Rank.**

The Directorate revamped the Kwazenzele Taxi Rank in Paterson with the paving of the entire internal area of the taxi rank.

- **Erection of Nomathamsanqa Taxi Rank.**

The department revamped the existing taxi rank and erected a new one to cater for the ever increasing commuters within the area.

- **Repair of Valencia Sport field.**

The Valencia Sport field changing rooms were completely vandalised and torched with fire and the Department played a crucial role in repairing the changing rooms. This project was done with the help from the members of the community as part of poverty alleviation project.

- **Repair of Bergsig Sport field**

Minor repairs were effected in Bergsig Sport field and this was done with the assistance from the Department of Technical Services.

- **Repair and maintenance of Valencia Community Hall**

Minor repairs were effected in Valencia Community Hall. Repairs were done on leaking toilet pipes, broken locks and fixing the broken fence.

- **Repair and maintenance Bergsig Community Hall**

The toilet pipes of Bergsig Community Hall were damaged and vandalised. The toilets were fixed and this was done with the assistance from Technical Services.

- **Identification and fencing of Valencia Cemetery**

Land was identified in Valencia for burials. The fencing of the cemetery was done with the help from the members of the public as a poverty alleviation project.

- **Identification of burial space near Msengeni area.**

Realising that Moses Mabida Cemetery is nearing full, the Department of Community Services decided to take an pro active step by identifying an alternative burial space near Msengeni.

- **Extension of the Siyadlala Hub Centres**

Siyadlala Colours participation programme was piloted at Addo. This programme was a success in Addo. Decision was taken to extend the hub centres to Enon-Bersheba and Paterson. This programme created six employment opportunities for unemployed young people.

- **Aims Of The Siyadlala Mass Participation Programme**

To promote mass participation in sport

To promote healthy life styles and wellness

To keep the youth busy

To identify and nurture new talent

To discourage youth from engaging in anti social activities

To produce future Olympians

- **Challenges**

Limited budget that is usually allocated sport and recreation.

Shortage of staff to man the facilities

Sport not being taken seriously by some officials

None allocation of MIG fund for the development of sport infrastructure

Dysfunctional sport facilities

## Local Economic Development

Includes all activities associated with Economic Development in terms of planning, administration and tourism.



The development issue always raises a sense of urgency although it is not a traditional area of service delivery for municipalities. Considering the limited amount of resources available to fuel LED interventions and the vast arena of possibilities, the municipality has undertaken a developmental approach to LED.

- **Enon-Bersheba Communal Land**

- The Enon-Bersheba area has  $\pm 10\,000$  hectares of communal land. Three catalytic projects are being rolled out in partnership with Department of Agriculture. One is 95ha of citrus which is currently under development. The second is the Feedlot for cattle and goats. The last is the assistance to Subsistence Stock Farmers by providing stock water to all the grazing camps.
- Discussions between the Addo Elephant National Park and the Enon-Bersheba Communities is in progress regarding the possibility of developing the commonage for tourism related enterprises.

- **The Addo Tourism Corridor**

- The Addo Tourism Corridor will benefit from the proposed Stellenhof Greenzone Project worth R350 million by private investors. Currently negotiations are underway for the identified piece of land.
- A new Citrus Pack-house (Safe) has been built and has created employment for 250 seasonal workers and 10 permanent employees.



- The Agro-Processing Plant for clear juice concentrate is in advance stages of planning.

- **The Kirkwood Area**

- The Central Business District has been vitalized by the development of extensive Spar Complex which upon completion created  $\pm$  40 job opportunities.
- The tender process for the construction of the Kirkwood Hawkers Facility was awarded and construction is underway. 24 Hawkers tenants will be accommodated at the stalls.

- **Poverty Alleviation**

% of people has access to basic services. We have established a social security system and other safety nets to protect the poor and other disadvantaged groups. To list but a few these are:

- 4 hectors of food security safety net is being developed at Enon-Bersheba
- 580 number of households are reached by the food parcels programme
- 61,8% of the total households have access to sanitation
  
- The project implemented under the EPWP is the 801 social housing development in Addo-Noluthando. The project budget is R32,2 million, 60 people are employed with 1 Contractor and 27 sub-contractors on duty.
- Though there is no exclusive gender specific programme, the municipality has managed to assist with the registration of women cooperatives. A women's forum has been established.
- Public transport has been improved through maintenance of roads, building of 2 taxi ranks in Paterson and Nomathamsanqa and access to bicycles for learners that travel long distances.
- A pilot programme for the green revolution was undertaken at Bersheba community in ward 7. 5 organised small garden projects are consolidated and given a 4 hector piece of land which is currently being developed. In total there are 25 beneficiaries involved.

- **Job Creation**

One of the objectives of our LED plan is the creation of sustainable jobs to reduce the existing unemployment from 44% to 34% by 2009. to achieve this objective, infrastructure investment has created the following job opportunities in 2007:

<b>Project</b>	<b>Budget</b>	<b>Jobs</b>
Paterson Project		
New Treatment Works and Rising Main in Moses Mabida	R4 000 000-00	Local- 7 skilled; 21 unskilled Non local- 2 unskilled
Conversion to Prepaid Meters	R1000 000	1 long term job. 533 prepaid water meters have so far been installed
Water Borne Sewerage Reticulation at Aqua Park	R2 388 252-00	20 local labourers; 3 local skilled; 1 sub contractor
Enon-Bersheba 450 houses	R17 500 000-00	1 contractor on site
Paterson 150 houses	R5 800 000	2 local contractors
Addo-Nomathamsanqa plastering and ceiling	R13 600 000	6 contractors with 120 job opportunities created
Moses Mabida 750 houses	R29 200 000	5 outside and 2 local contractors
Addo-Noluthando 801houses	R32 200 000	1 local contractors association with 27 sub-contractors
Addo Elephant Park job creation initiatives		Poverty relief- 210 employed. SMME World bank small works- 49 employed. SMME Working For Water- 110 employed. 2 SMME Services- 7 beneficiaries. 4 Tourism SMME's- 19 beneficiaries

## **THE INTEGRATED DEVELOPMENT PLANNING**

Core to Sundays River Valley Municipality's political mandate is the enhancement of:

- Infrastructure development and service delivery
- Socio-economic growth
- Job creation and poverty eradication
- Investment and Tourism development
- Spatial planning aligned to NSDP

The review of 2007/8 IDP was amended in accordance with a prescribed process. The processes include the drafting and approval of process plan on the 19 September 2007. There is a six-weekly IDP/LED standing committee meetings where IDP review processes and inputs are discussed before any recommendation is sent to Council for approval. Public participation as set out in the Municipal Systems Act has been adhered to. The IDP Representative Forum was held on the 13<sup>th</sup> November 2007 followed by ward consultations to reinforce and input on representative forum discussions. Ward consultations were however postponed from December to January 2008.

The municipality has established a performance management system (PMS) that is in line with the priorities, objectives, indicators and targets contained in the integrated development plan. To this effect the following were approved by Council:

- The Process Plan for the establishment and implementation of an organisational and individual PMS.
- The performance management framework
- The individual performance management policy and procedure manual for middle managers
- The individual performance agreements for middle managers

The Service Delivery and Budget implementation plan's quarterly reports are sent to council for consumption. The underlying table depicts the municipality's 5 year priorities and its related objectives.

## **DIRECTORATE: FINANCIAL SERVICES**

### **ANNUAL FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION**

#### **Budget and Treasury Report**

Annual Report for the Period 2006/2007

#### **Vision Statement**

*The financial management of the resources of Sundays River Valley Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality*

#### **Mission Statement**

*The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Sundays River Valley Municipality.*

### **KEY RESULT AREAS/KEY PERFORMANCE INDICATORS AND TARGETS**

With a dedicated staff component, the following functions (Key Performance Indicators and Targets are performed and maintained with great success:

- **Revenue Collection/Income Generation**

The function ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Sundays River Valley Municipality. Two main offices exist in Kirkwood and Paterson with the head office in Kirkwood. Satellite offices have been established in all other areas in accordance with the Systems Act. Meters are read every month and accounts are generated every month. In certain areas no postal services exist so accounts are hand delivered.

In an effort to secure cash flow that will fund the operating budget the municipality has derived the Revenue Stabilization Policy. This policy employs a multi-pronged approach, which includes:

- The by-laws- for legality
- The service of a Debt Collector-for extended manpower
- Prepaid meter-for punitive measure
- Debt committee- for management

• **Key Performance Areas**

<b>Baseline</b>	<b>Outputs</b>	<b>Outcome</b>
Maintain accurate and complete valuation	<ul style="list-style-type: none"> <li>• Annual reconcile valuation roll.</li> <li>• Implement General Valuations</li> <li>• Rate agricultural and related land</li> <li>• Implement Interim Valuation</li> <li>• Do rates tariff calculation</li> <li>• Annual billing of assessment rates.</li> <li>• Administer Valuation Court.</li> </ul>	<ul style="list-style-type: none"> <li>• Correct billing of the right amount at the right time to the right person for the right property.</li> </ul>
Maintain reliable customer data-base	<ul style="list-style-type: none"> <li>• Undertake survey of customers per ward.</li> <li>• Update property master data base</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive customer database for billing and information.</li> </ul>
Improve credit control and debt collection	<ul style="list-style-type: none"> <li>• Implement Credit Control and Debt collection Policy.</li> <li>• Implement Revenue Stabilization Policy.</li> <li>• Administer relationship with Debt collectors</li> <li>• Administer relationship with legal services</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and compliant credit control and debt collection</li> </ul>
Review financial policies	<ul style="list-style-type: none"> <li>• Maintain and implant financial policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Policies that as compliant and give clear directive and that it just</li> </ul>
Install prepaid water and electricity meters	<ul style="list-style-type: none"> <li>• Install prepaid electricity and water meters for defaulters.</li> <li>• Sell prepaid water and electricity.</li> <li>• Ensure integrity of infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective instruments for service delivery.</li> <li>• An effective and efficient prepayment system.</li> </ul>
Read water and electricity meters	<ul style="list-style-type: none"> <li>• Read conventional water and electricity meters monthly or as when required.</li> <li>• Ensure corrective step are taken for integrity of the meters</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate reading that lead to accurate billing.</li> </ul>
Process monthly consumer accounts	<ul style="list-style-type: none"> <li>• Accurate monthly billing</li> <li>• Timeous and accurate delivery of accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Billing notification that is correct</li> </ul>
Bank revenue	<ul style="list-style-type: none"> <li>• Daily receipting of all revenue</li> <li>• Daily banking of all revenue</li> <li>• Security of all revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and effective cash handling and revenue management</li> </ul>

Implement Municipal Finance Management Act 56 of 2003 requirements	<ul style="list-style-type: none"> <li>Analyze, interpret and development mechanism for legislative obligations</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the law</li> </ul>
Implement Local Government Municipal Property Rates Act 6 of 2004	<ul style="list-style-type: none"> <li>Develop a rates policy</li> <li>Consult community</li> <li>Implement policy</li> <li>Develop by-law</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with law</li> </ul>

The following financial & administrative realities and resource & capacity constraints/risks are foreseen:

Although a 100% correctness of meter readings and consumer accounts is expected, the possibility exists that there might be errors (1.00%) from time to time;  
A drastic decrease in outstanding debtors is not foreseen but through effective credit control and debt collection procedures, a further increase would stop;  
Both the conventional and prepaid meters as subject to damage and due to the age of the meters, they may become faulty.  
The collection of sufficient revenue still remains the top challenge for the municipality.  
Therefore funding the budget is of paramount importance.

### **Expenditure and Control**

The following functions are executed, the payment of creditors; ordering of goods; services and materials; processing the monthly salaries and allowances; compilation and control of budgets; controlling capital and other projects; processing of monthly and quarterly financial reports and compilation of annual financial records and statements.

The Key Performance Indicators are:

<b>Baseline</b>	<b>Outputs</b>	<b>Outcome</b>
Reconciliation and Payments of Creditors	<ul style="list-style-type: none"> <li>Monthly reconciliation of payments of all creditors</li> </ul>	<ul style="list-style-type: none"> <li>Accurate, authorized and correct payment of creditors</li> </ul>
Control Purchases	<ul style="list-style-type: none"> <li>Daily control over purchases</li> </ul>	<ul style="list-style-type: none"> <li>Control over purchased to make it economical and compliant with supply chain regulations</li> </ul>
Process and Maintain Payroll	<ul style="list-style-type: none"> <li>Pay employees,</li> <li>Pay deductions</li> <li>Input leave request so authorized</li> <li>Reconcile payroll votes</li> <li>Reconcile IRP5</li> </ul>	<ul style="list-style-type: none"> <li>The payment of staff, so authorized for work performed</li> </ul>
Maintain Existing Loans	<ul style="list-style-type: none"> <li>Pay external loans</li> <li>Reconcile annual external loans</li> </ul>	<ul style="list-style-type: none"> <li>Loan repayments</li> </ul>

Maintain Insurance Portfolio	<ul style="list-style-type: none"> <li>• Submit claims</li> <li>• Advise on risk and risk assessment</li> <li>• Ensure assets as place on portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguard of assets</li> <li>• Risk free or limited</li> </ul>
Maintain Investment and money preservation	<ul style="list-style-type: none"> <li>• Reconcile investment register</li> <li>• Place investment</li> <li>• Withdraw investments</li> </ul>	<ul style="list-style-type: none"> <li>• Effective cash management and secure future growth and value</li> </ul>
Review Financial Policies	<ul style="list-style-type: none"> <li>• Update and implement financial policies</li> </ul>	<ul style="list-style-type: none"> <li>• Policies that as effective for administration</li> </ul>
Implement the Municipal Finance Management Act	<ul style="list-style-type: none"> <li>• Analyze, interpret and development mechanism for legislative obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the law</li> </ul>
Report to Management and other institutions	<ul style="list-style-type: none"> <li>• Generate reports for internal committees</li> <li>• Generate reports for Council</li> <li>• Generate report for National Treasury</li> <li>• Generate reports for Provincial Treasury</li> <li>• Other reports e.g. MIG</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and timeous reporting for decision-making and statistics</li> </ul>

The following financial & administrative realities and resource & capacity constraints/risks are foreseen:

- Limited labour capacity
- Limited staff training and support
- Staff turnover
- Extensive systems development funding

### **Budgeting**

The annual compilation of the council's operational and capital budget is the responsibility of this department.

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

The Key Performance Indicators are:

<b>Baseline</b>	<b>Output</b>	<b>Outcome</b>
Plan Budget process	<ul style="list-style-type: none"> <li>• Compile and table to council the budget process plan</li> </ul>	<ul style="list-style-type: none"> <li>• Planned budget with progress guidelines</li> <li>• Compliance with legislation</li> </ul>
Strategize Budget Process	<ul style="list-style-type: none"> <li>• Set dates and time for consultation</li> </ul>	<ul style="list-style-type: none"> <li>• Effective consultation</li> <li>• Compliance with legislation</li> </ul>
Prepare Budget and Supporting Documents	<ul style="list-style-type: none"> <li>• Prepare draft budget and align with IDP and SDBIP</li> </ul>	<ul style="list-style-type: none"> <li>• A budget outlook and service contemplation</li> </ul>
Table Budget and Supporting Documents	<ul style="list-style-type: none"> <li>• Table budget incorporate consultation and directive from treasury</li> <li>• Calculate and table tariff</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-approval to set links with IDP</li> </ul>
Approve Budget and Supporting Documentation	<ul style="list-style-type: none"> <li>• Have budget approved</li> </ul>	<ul style="list-style-type: none"> <li>• A authorized budget</li> <li>• Compliance with legislation</li> </ul>
Finalize Budget Process	<ul style="list-style-type: none"> <li>• Implement budget</li> </ul>	<ul style="list-style-type: none"> <li>• Final budget for service commencement</li> </ul>

The following financial & administrative realities, resource & capacity constraints/risks are foreseen:

- Limited labour capacity
- Limited staff training and support
- Staff turnover
- Extensive systems development funding
- Information delays
- Non-aligned consultation with other spheres of government
- Wage negotiations
- Limited cash resources

**The municipality has in this year implemented the new budget reforms as published by National Treasury.**

### **Accounting and Reporting**

This function ensures and is responsible for maintaining council's financial accounting records and ensures that they are updated daily by reconciling the supporting registers. A trial balance and the chart of accounts is maintained to ensure accuracy and integrity. Monthly and quarterly financial reports are submitted to the National and Provincial Treasury and Finance Standing and committees. It is also this department's responsibility



to compile the Annual Financial Statements, Annual Report. The Service Delivery and Budget Implementation Plan (SDBIP). The Key Performance Indicators set are:

<b>Baseline</b>	<b>Outputs</b>	<b>Outcomes</b>
Maintaining Accounting Records	<ul style="list-style-type: none"> <li>• Daily and monthly updating of records of transactions</li> <li>• Ensure internal related process are correct</li> </ul>	<ul style="list-style-type: none"> <li>• Accurate, integrity in the chart of account</li> </ul>
Submit Financial Reports	<ul style="list-style-type: none"> <li>• Report as required</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation and financial reporting</li> </ul>
Reconcile supporting Registers	<ul style="list-style-type: none"> <li>• Monthly reconciliation to support trial balance figures</li> </ul>	<ul style="list-style-type: none"> <li>• AFS supporting facts</li> </ul>
Complete AFS	<ul style="list-style-type: none"> <li>• Compile a Statement of Performance, Statement of Financial Position, A cash flow a Change in Net Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation and financial reporting</li> </ul>
Complete Annual Report	<ul style="list-style-type: none"> <li>• Accumulate information for inclusion in file</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation and financial reporting</li> </ul>
Complete SDBIP	<ul style="list-style-type: none"> <li>• Prepare revises template and information to be reported on from the budget and the PMS system</li> </ul>	<ul style="list-style-type: none"> <li>• The accurate measure and disclosure of performance for the organization as a whole</li> </ul>
Undertake Internal Audit functioning	<ul style="list-style-type: none"> <li>• The implementation, development and maintenance of controls</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of council objectives and compliance to policies</li> </ul>
Comply with External Audit operations	<ul style="list-style-type: none"> <li>• Attend to audit queries and co-operate with auditors</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation and vetting of sound governance and administration</li> </ul>
Implement MFMA	<ul style="list-style-type: none"> <li>• Analyze, interpret and development mechanism for legislative obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation</li> </ul>

The following financial & administrative realities and resource & capacity constraints/risks are foreseen:

- Limited labour capacity
- Limited staff training and support
- Staff turnover
- Extensive systems development funding
- Information delays
- Non-aligned consultation with other spheres of government

The municipality has in this year implemented the new accounting reforms as published by National Treasury and the Accounting Standards Board. This includes a restatement of the 2004/2005 financial years AFS. The municipality also pioneered the use of electronic financial statement generation systems.

### **Information Technology**

This department is responsible for both the intellectual property and hardware use in the information systems and technology environment.

This department also employs the largest amount of equipment, which includes the financial system (ABAKUS), the purchasing system (INTELLIREQ), the payroll system (PAYDAY), the assets management system (BAUD) and the AFS system call (ABSTAT).

Key Performance Indicators are:

<b>Baseline</b>	<b>Output</b>	<b>Outcome</b>
Maintain (IT&S) system	<ul style="list-style-type: none"> <li>• Maintain and Upgrade computer hardware</li> <li>• Secure the access and use of hardware and software</li> <li>• Provide training</li> <li>• Lead the development of systems</li> <li>• Implement controls</li> <li>• Develop Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Sound, safe and effective IT&amp;S</li> <li>• The protection of Intellectual property</li> </ul>
Process records and Information	<ul style="list-style-type: none"> <li>• Ensure records and transaction re processed as and when required in the format required.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and timeous reporting for decision-making and statistics</li> </ul>

The following financial & administrative realities and resource & capacity constraints/risks are foreseen:

- Limited labour capacity
- Limited staff training and support
- Extensive systems development funding
- Information delays
- Cost of renewal
- External threats, theft etc

## Assets and Stores

The Section Budget and Treasury are responsible for the implementation and adherence to the Assets Management Policy. Every Department in itself also has the obligation to manage its assets in terms of use and safety.

Key performance indicators are:

<b>Baseline</b>	<b>Output</b>	<b>Outcome</b>
Maintain comprehensive assets register	<ul style="list-style-type: none"><li>• Record all matters relating to all types of assets</li><li>• Barcode assets</li></ul>	<ul style="list-style-type: none"><li>• Details assets register for AFS</li></ul>
Maintain inventory	<ul style="list-style-type: none"><li>• Undertake repairs and maintenance of assets</li><li>• Count assets annually</li><li>• Insure all assets as correct values</li></ul>	<ul style="list-style-type: none"><li>• The value of assets is preserves</li></ul>
Revalue Assets	<ul style="list-style-type: none"><li>• Undertake valuation and assessment for the flow of services from assets</li></ul>	<ul style="list-style-type: none"><li>• True asset value is recorded</li></ul>

The following financial & administrative realities and resource & capacity constraints/risks are foreseen:

- Cost of renewal
- External threats, theft etc
- Assets redundancy and impairments
- Cost for R&M
- Funding for capital assets

These baseline indicators are inherent to the KPA and KPI in the performance contract of the Director: Financial Services. The timing factors of these actions are as and when required.

## EXPENDITURE

### Introduction

Realistic expenditure is guided by realistic anticipated income. It is further determined by the need to provide basic services and the up-keep of basic service. Inflation and the ever increase demands places tremendous pressure on budget boundaries. There exists a continuous struggle for expenditure.

The following describes the various types of expenditure with their annual growth indicators.

## General Expenses

This expenditure is incurred to cover the day-to-day running of the municipality. The effect is inflation plays havoc with this expenditure. It includes bulk water and electricity purchases, and Grants and Subsidies paid - operating, which represents a significant percentage of the total budget. The ever-increasing capital development drive is the major player in cost determination. In respect of 2006/2007 it represents 41.77% of the operating budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	16,964,643	15,773,278
Actual	37,812,149	31,581,120
Growth %	188.82%	-7.02%

## Repairs and Maintenance

This expenditure is incurred to preserve the value and the extension of the useful life of assets. In respect of 2006/2007 is represented 8.78% of the operating budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	2,959,758	3,316,897
Actual	1,564,539	1,820,510
Growth %	-44.57%	16.36%

## Salaries and Wages

This expenditure is incurred to pay the work force which is in fact the labour cost of service delivery. There is an ever increasing need to appoint more staff as service delivery grows. All efforts are being made to keep the proportionate rate below the 30% benchmark. However council strives in directing funds to service and utilize staff to the capacity. In respect of 2006/2007 is represented 41.67% of the operating budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	13,667,474	15,735,020
Actual	13,806,988	16,686,430
Growth %	0.10%	20.85%

## Councillor Allowances

This expenditure is the cost associated with the Office of the Mayor as well and the rest of Council. Political-Office-Bears are paid strictly according to the Upper Limits. In respect of 2006/2007 is represented 5.73% of the operating budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	1,076,948	2,164,769
Actual	986,020	2,376,814
Growth %	68.84%	141.05%

### **Contributions**

This expenditure is to record regulatory obligation. This includes the contribution to the Leave Reserve with covers the total liability Council has to the workforce in respect of outstanding leave. In respect of 2006/2007 is represented 2.05% of the operating budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	1,269,220	773,641
Actual	120,000	232,526
Growth %	-100.00%	93.77%

### **Capital Expenditure**

This expenditure is directed primarily to the development of basic service infrastructure. It is funded predominately from grants whereas the municipality spends its own income on capital items that are movable. In respect of 2006/2007 is represented 46.42% of the total budget.

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	11,200,563	18,718,037
Actual	8,921,783	7,191,777
Growth %	1538.16%	-19.39%

**Three Year Capital Budget as at 30 June 2006**

**Budget Year: 2005/2006**

<b>Capital /Infrastructural project implementation timeline</b>					
Project Name	Ward	Planning	design	implementatio n	completed
Bucket Eradication	Paterson	100%	20%	0%	2%
Sewerage Works, Pipeline and Pump station	Kirkwood/ Moses Mabida	100%	100%	97%	97%
Phase 5					
High Mast Lights	Emsengeni	100%	100%	89%	89%
Sewerage Works Phase 6	Kirkwood/ Moses Mabida	100%	100%	47%	47%
Cooling Project	Addo	100%	100%	90%	90%
Municipal Capital Programme	All wards	100%	100%	100%	100%

Over the MTERF 100% will be spent of water and sanitation. The funds obtained for the Cooling Project was from the Special Municipal Infrastructure Fund (SMIF)

**MIG**

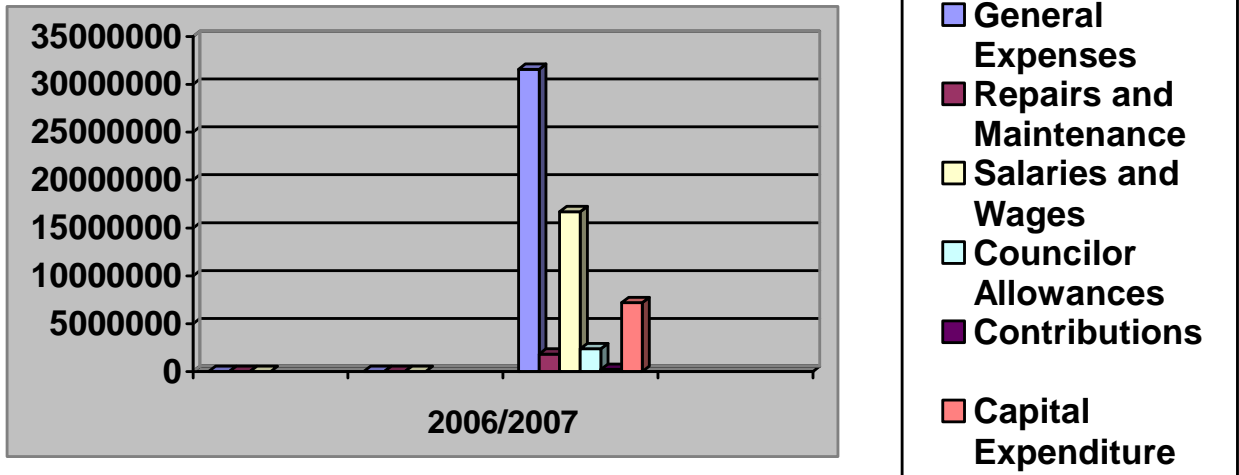
**Budget R16 154 900.**

**Project Management Unit (PMU)**

The MIG grant policy permits the municipality to utilize 5% of the year's allocation towards the establishment of a PMU. A business plan was submitted and it was approved. The Unit support the municipality in all aspects so directed to it with the primary focus on MIG. Two appoints were made, one in finance and one in engineering to compliment the capacity growth.

**Total Expenditure**

**Expenditure by Major Type**



**INCOME**

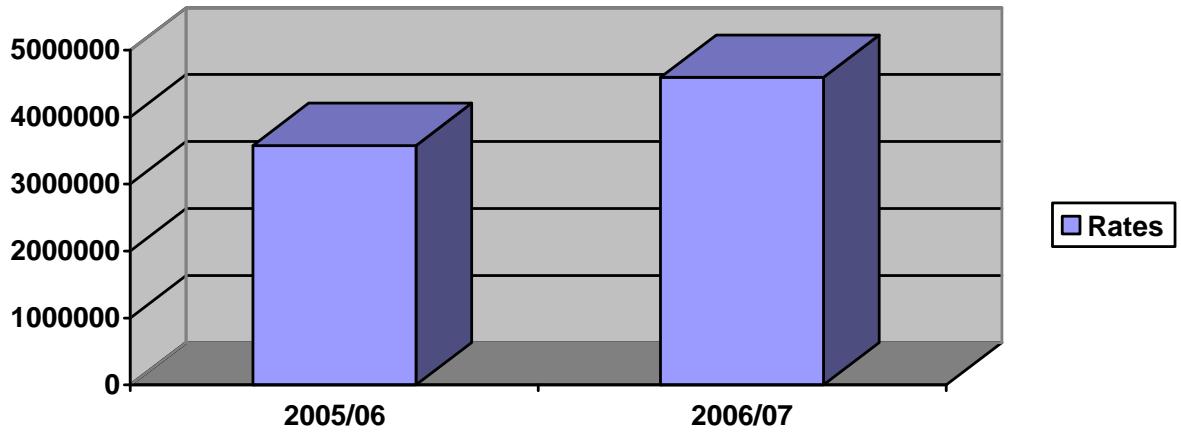
**Introduction**

Realistic anticipated income is guided by a tariff structure that is fair, equitable and economical. Income is supplemented from various sources but directed to spending on basic services. Income balance is determined by the need to break-even with mandatory and involuntary spending in the pursuit of legislative requirements and the purpose of existence. This municipality believes in not taxing in advance simply because of the social-economic characteristics of our population, the future value of money and impacted by inflation as well as wealth distribution.

The following describes the various types of income with their annual growth indicators.

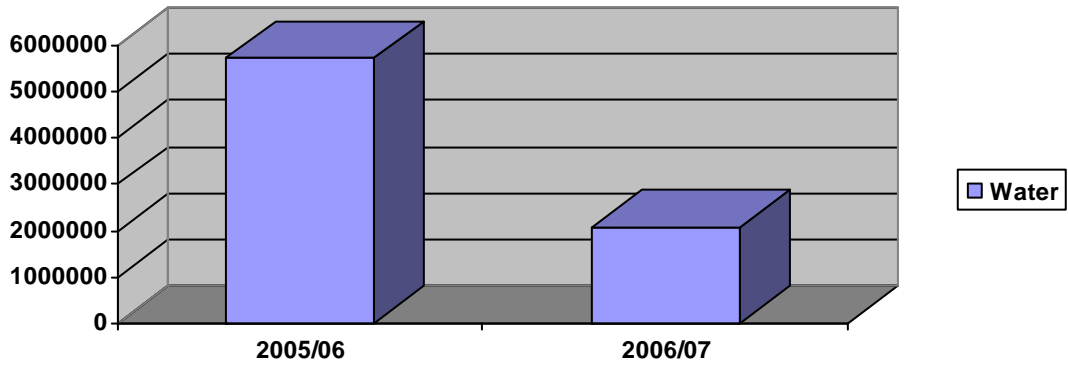
- Rates

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	4,613,903	3,968,498
Actual	3,573,631	4,591,925
Growth %	10.00%	28.49%



**Water**

	<b>2005/2006</b>	<b>2006/2007</b>
Budget	6,050,000	8,275,628
Actual	5,717,672	2,089,288
Growth %	-17.70%	-63.46%



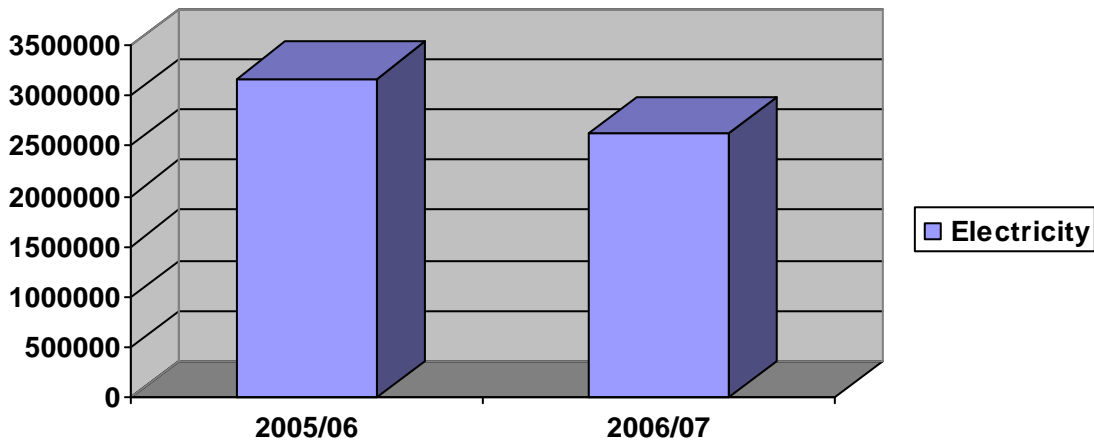


## Water Service Authority (WSA)

The municipality, through a unique situation, for this district was empowered as a WSA in 2005. This authority allows use to make all decisions related to water, sanitation and related matter. The option of being a Water Services Provider (WSP) was also taken. A section 78 process was undertaken by the Cacadu District Council and it was decided that the Municipality will not make use of an external services provider in this regard

## Electricity

	2005/2006	2006/2007
Budget	4,559,000	3,993,768
Actual	3,175,093	2,630,790
Growth %	-27.61%	-17.14%



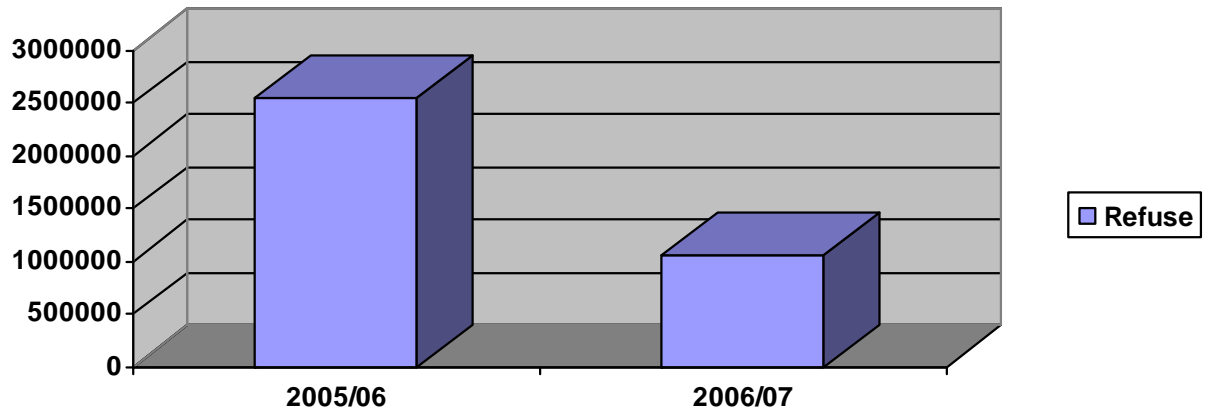
## Regional Energy Distribution (RED): Zone 3

REDS is part of government initial to rationalized the Energy Distribution Industry. The Municipality forms part of the REDS 3. This will have a noticeable impact on the income and the management responsibilities of the municipality.

This is so as electricity is a major source of income. The service area is shared with Eskom. The future uncertainty is what we have to watch. No new area were developed whose billing and income was the property of the municipality.

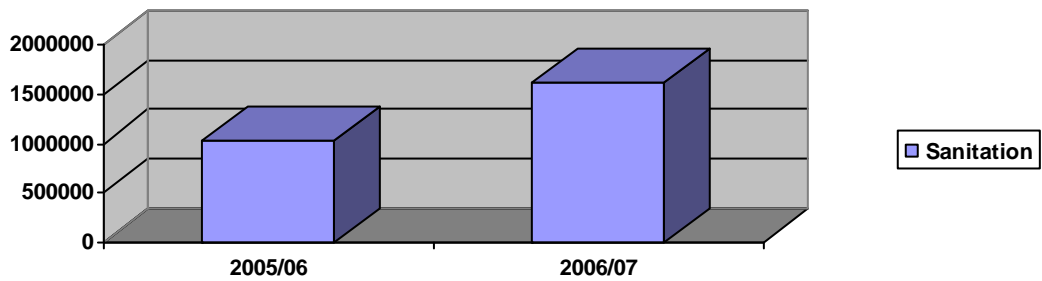
## Refuse

	2005/2006	2006/2007
Budget	3,692,000	3,966,880
Actual	2,555,965	1,071,335
Growth %	44.13%	-58.08%



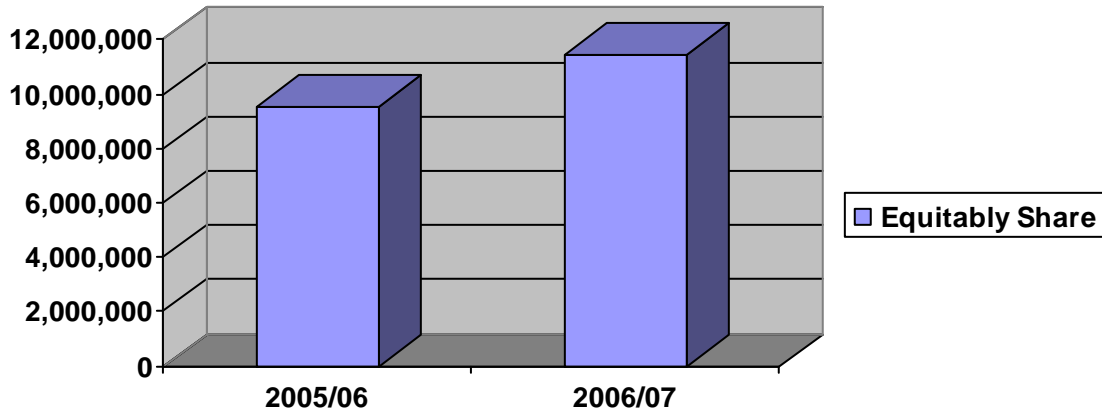
## Sanitation

	2005/2006	2006/2007
Budget	5,544,000	11,875,803
Actual	1,027,767	1,610,209
Growth %	-0.39%	56.67%



## Grants

### Equitable Share



Equitable Share Council's equitable share allocation was increased by 20.55% (R 1,955,149) from R 9,513,717 to R 11,468,866 and remains council's major source of income. The following demographic data (from the 2001 Census statistics) was used for calculating council's equitable share and MIG allocations:

Population	41580
Number of households	9226
Number of households earning less than R800 per month	13593
Number of households earning less than R1 600 per month	2067

Equitable share is used primarily for the subsidization of basic service to the poor. A major problem is that the statistical guidelines are out of date so consequently the indicators are incorrect.

The total number of service erven and un-serviced erven needs to be rectified as subsidies are based there on e.g., R130 for service erven and R90 of un-service erven.

### Free Basic Services

Free Basic Services is regulated by Council's Indigent Policy. It pivots on an income threshold of R800 and has two distinct categories, namely:

Category A-	Income less than R800	-100% subsidy
Category B-	Income from R801 to R1100	-50% subsidy

Every household receive 6 kilolitres of water free irrespective of income level as the free basic water system. Should a household income only be a Disability Grant, and then the household will fall into category A

	<b>Water</b>	<b>Sanitation</b>	<b>Electricity</b>	<b>Refuse</b>
No of H/H	10031	10020	6546	10029

The following services are subsidized

- Water (6KL)
- Sanitation
- Electricity (50Kwh)
- Refuse
- Rates (Limited to RDP value)

### **2005/2006 TARIFF STRUCTURE**

The tariff structure is dictated by the anticipated realistic income which intern results in expenditure. The key principles are:

- Break-even budget
- Not taxing in advance
- Consider budget shortfalls in previous years.
- Any appropriations
- Economical tariffs
- Subsidization

A major new source of income was the rating of agricultural related properties. The underlining principle that was used to achieve comparison was” What makes you no difference than any other property owner?” This in fact means that all other immovable property had to be exempted or rebated. The abolishment of RSC Levies made the opportunity more acceptable to the property owners. This had a significant impact on the assessment rates total.. It was also deiced in- principle to mimic the Local Government Municipal Property Rates Act, No. 6 of 2004 with regards to e.g., phasing-in new properties. The initial rates tariff was R0.005 and would increase by inflation. The valuation in turn was divided on quarters and phased in.

It should be noted that the Local Government Municipal Property Rates Act, No. 6 of 2004 only takes effect on the 2nd July 2005 and should not be perceived as the implementation of the new act. Council would, in the coming year, start the process required in terms of this act, and the local community is encouraged to participate.

The following is an illustration of the cost to small or indigent households for the basket of basic services:

	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Water	22.37	23.72	25.14
Refuse	28	28	29.68
Sanitation	22.98	24.36	26.06
Rates	16.81	17.81	19.06
Electricity	43.14	45.72	55.00
<b>Total</b>	<b>133.29</b>	<b>139.61</b>	<b>154.94</b>

The significant increase in refuse tariff is due to the significant cost to maintain the environment as well as compliance with legislation. The total cost of service for 2005/2006 is R3.29 over the allocation R130 subsidy received from National Treasury for service erven.

### **2006/2007 Annual Financial Statements**

The Annual Financial Statements for the period ended 30 June 2007 were compiled and submitted to the Municipal Manager, where after it was hand delivered to the office of the Auditor-General. The Financial statements were then submitted and reviewed by Council. Signed approved copies were, thereafter, forwarded to the National Treasury, Provincial Treasury and Auditor-General. This municipality has attempted to implement the new accounting reforms together with the restatement of the 2005/2006 financial statements for comparative reason. The official date for compliance as a medium capacity municipality would have been the AFS for 2006/2007.

We are currently participating in a shared service project, co-funded by the Cacadu District Council, where SAB&T, an accounting house, was appointed to assist in the compilation of the new format of financial statements. A major focus area is the compilation of the assets register, in which we have achieve a great deal. The reforms resulted in major development in the Chart of Accounts and internal systems.

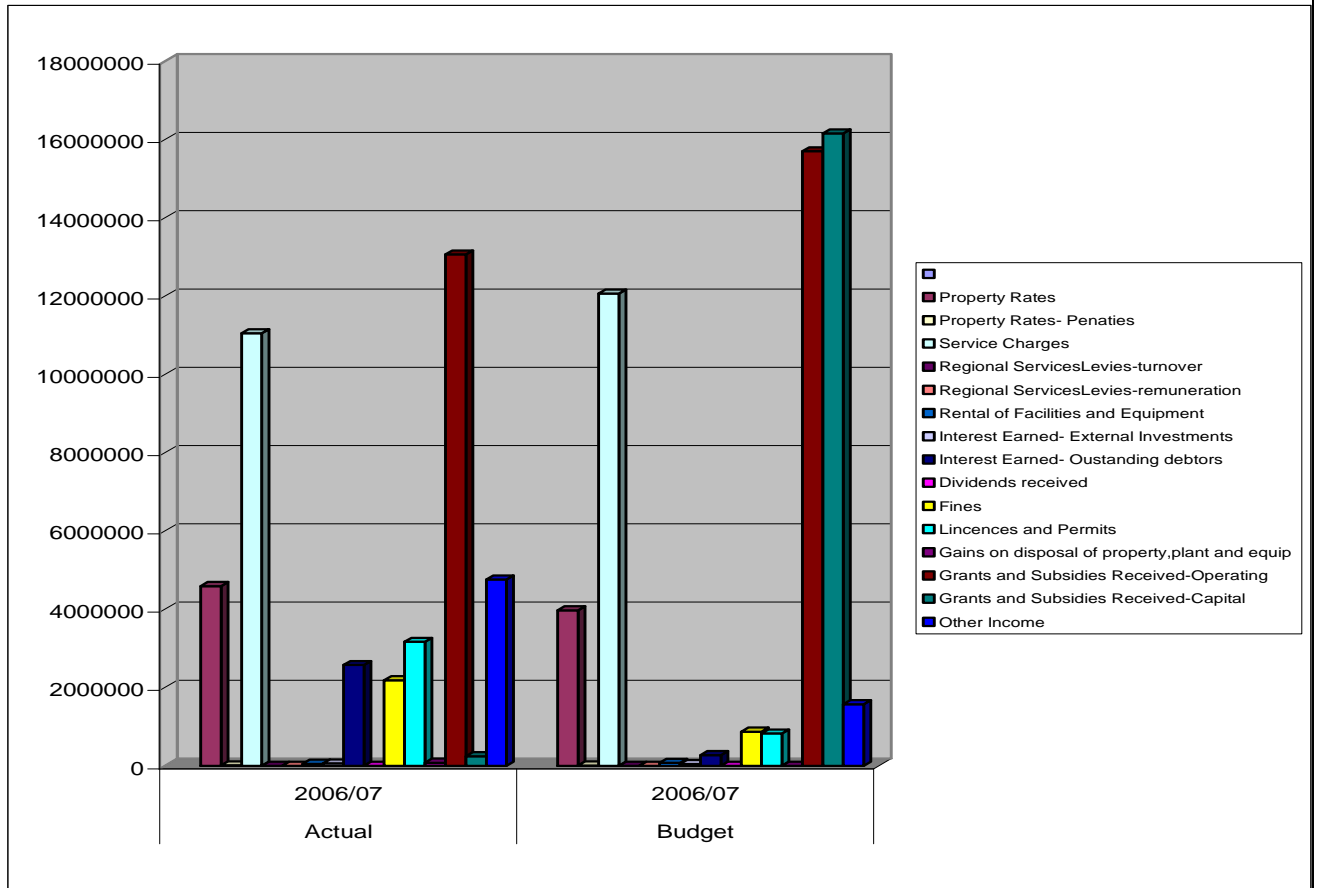
The municipality pioneers an electronic system that would generate AFS electronically; however this was on the old format, now a conversation had to take place. This was achieved. We believe that this proactive implementation would advantage our learning.

## Operating results

	2006/2007	2005/2006	Variance	2006/2007 Budget	Variance Actual/Budget
<b>INCOME</b>					
Opening Surplus	7,014,647	(1,334,791)	8,349,438		
Operating Income for the Year	41,827,818	61,304,343	-19,476,525	50,914,995	-17.85%
Sundry/Adjustments Closing Surplus/(Deficit)					
<b>EXPENDITURE</b>					
Opening Surplus/( Deficit)					
Operating Expenditure for the Year	52,697,400	54,289,696	-1,592,296	37,763,605	39.55%
Sundry Adjustments Closing Surplus for the Year	(3,854,935)	5,679,856			

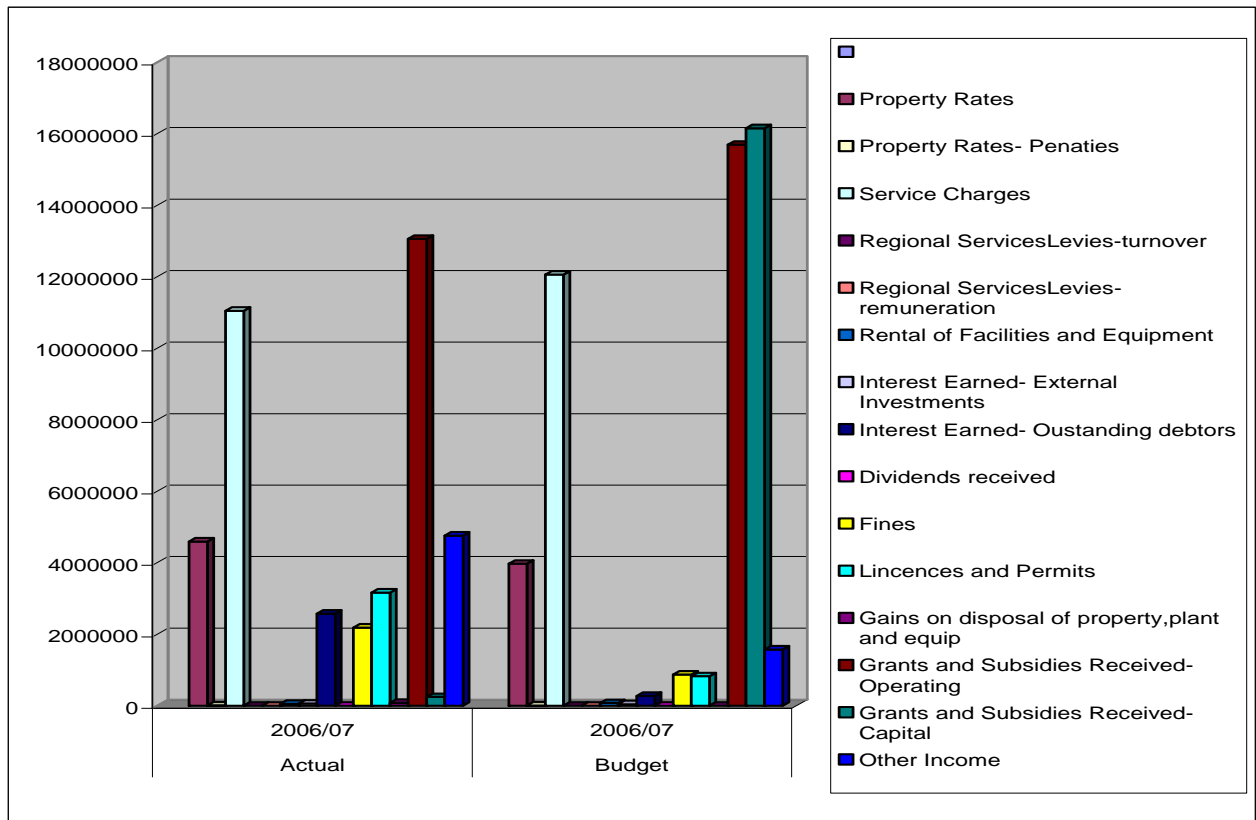
## Operating Income Results

Actual 2005/06	Source of Income	Actual 2006/07	Budget 2006/07	Actual as % of Budget	Actual as % of Total Income
3,573,631	Property Rates	4,591,925	3,968,498	115.71%	10.98%
9,918	Property Rates- Penalties	10,298	7,484	137.60%	0.02%
12,600,784	Service Charges	11,048,128	12,062,778	91.59%	26.41%
0	Regional ServicesLevies-turnover	0	0	0.00%	0
0	Regional ServicesLevies-remuneration	0	0	0.00%	0
47,464	Rental of Facilities and Equipment	49,039	75,294	65.13%	0.12%
206,188	Interest Earned- External Investments	59,752	43,132	138.53%	0.14%
1,913,905	Interest Earned- Outstanding debtors	2,574,527	272,635	944.31%	6.16%
0	Dividends received	0	0	0.00%	0
821,121	Fines	2,186,193	871,500	250.85%	5.23%
3,076,982	Lincences and Permits	3,164,931	825,096	383.58%	7.57%
0	Gains on disposal of property,plant and equip	78,615	0	0.00%	0.19%
26,854,329	Grants and Subsidies Received-Operating	13,061,753	15,697,532	83.21%	31.23%
11,006,327	Grants and Subsidies Received-Capital	242,484	16,154,900	1.50%	0.58%
1,193,694	Other Income	4,760,173	1,571,438	302.92%	11.38%
<b>61,304,343</b>	<b>Total</b>	<b>41,827,818</b>	<b>51,550,287</b>	<b>25.14939466</b>	<b>100.00%</b>



## Operating Expenditure Results

Actual 2005/06	Source of Income	Actual 2006/07	Budget 2006/07	Actual as % of Budget	Actual as % of Total Income
3,573,631	Property Rates	4,591,925	3,968,498	115.71%	10.98%
9,918	Property Rates- Penalties	10,298	7,484	137.60%	0.02%
12,600,784	Service Charges	11,048,128	12,062,778	91.59%	26.41%
0	Regional Services Levies-turnover	0	0	0.00%	0
0	Regional Services Levies-remuneration	0	0	0.00%	0
47,464	Rental of Facilities and Equipment	49,039	75,294	65.13%	0.12%
206,188	Interest Earned- External Investments	59,752	43,132	138.53%	0.14%
1,913,905	Interest Earned- Outstanding debtors	2,574,527	272,635	944.31%	6.16%
0	Dividends received	0	0	0.00%	0
821,121	Fines	2,186,193	871,500	250.85%	5.23%
3,076,982	Licences and Permits	3,164,931	825,096	383.58%	7.57%
0	Gains on disposal of property, plant and equip	78,615	0	0.00%	0.19%
26,854,329	Grants and Subsidies Received-Operating	13,061,753	15,697,532	83.21%	31.23%
11,006,327	Grants and Subsidies Received-Capital	242,484	16,154,900	1.50%	0.58%
1,193,694	Other Income	4,760,173	1,571,438	302.92%	11.38%
<b>61,304,343</b>	<b>Total</b>	<b>41,827,818</b>	<b>51,550,287</b>	<b>25.14939466</b>	<b>100.00%</b>





## Capital Expenditure and Financing

### Assets by GFS:

<b>Function</b>	<b>2005/06</b>	<b>2006/07</b>
	R	R
Executive & Council	29,206	33,909
Finance & Administration	409,063	278,474
Planning & Development	24,235	1,266,155
Health	10,932	177,809
Community & Social Services	59,382	756,854
Public Safety	2,374	2,705
Sport & Recreation	46,415	0.00
Environmental Protection	0.00	0.00
Roads Transport	26,619	6,567
Housing	0.00	0.00
Waste Management	0.00	0.00
Waste Water Management	5,407,942	3,003,156
Electricity	447,406	203,538
Water	2,457,209	1,462,610
Other	0.00	0.00
<b>Total</b>	<b>8,921,783</b>	<b>7,191,777</b>

### Assets by Type:

<b>Type</b>	<b>2005/06</b>	<b>2006/07</b>
	R	R
Land & Building	62,481	0.00
Infrastructure	8,265,051	4,651,823
Other Assets	594,241	2,539,954
<b>Total</b>	<b>8,921,783</b>	<b>7,191,777</b>

### Resource utilized for funding these Assets

<b>Source</b>	<b>2005/2006</b>	<b>2004/2005</b>
	R	R
Grants		
Own Capital		
<b>Total</b>	<b>8,921,783</b>	<b>7,191,777</b>

Comments:

With reference to the MIG explanation, the municipality utilized 100% of its grant fund during the financial year and was one of a few municipalities in the province to achieve this spending rate. We are also very reliant of grant funding to achieve infrastructure spending. There is a limitation in the ability of the municipality to leverage loan funding.

## **EXTERNAL LOANS**

The municipality is quite fortunate in that its burden to service debt is extremely low. The underlying rationale is that when cash flow is not stable in the servicing of operations then capital acquisition from loans would worsen the situation.

Only when current and future commitments are stable and loan funding would generate additional realistic and stable revenue then loan funding will be sought. Liquidity is vital.

The only new loan made was from the Development Bank of Southern Africa for R2 million to fund the building of the new traffic department and the purchasing of a backhoe. The former is for income generation and the latter for expenditure saving due to the fact that we constantly have to hire the plant. The projects will be implemented in the new financial year.

<b>Balance as at 30 June 2006</b>	<b>Received during the year</b>	<b>Redeemed 30/06/2007</b>	<b>Balance</b>
<b>DBSA Loans</b>			
Swimming Pool	0.00	3,195	30,492
Traffic Department	0.00	0.00	1,500,000
Backhoe	0.00	0.00	500,000
<b>Total</b>	<b>0.00</b>	<b>3,195</b>	<b>2,030,492</b>

## **ANNUAL FINANCIAL STATEMENTS 2006/2007**

### **ASSETS AND LIABILITIES**

Financial statements were prepared in terms of the accounting references complying with the GAMAP and GRAP.

These Annual Financial Statements were completed and delivered to the Auditor-General. The Accounting Officer being Mr NK Singanto and the Chief Financial Officer being Mr MR Abdullah.

The MFMA 50 of 2003, and in particular section 126(1)(a) requires that the Accounting Officer must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

Find attached as *Annexure A* the Annual Financial Statements (AFS) for 2006/2007 financial year.

The following comments are in respect of the **Financial Position** (Balance Sheet) at 30 June 2007:

### **Liabilities plus Equity**

#### **Net Assets**

The following reserves were created to offset the effect of depreciation for all assets acquired before the adoption of GAMAP:

- Capitalization Reserve R 5 574 486
- Government Grant Reserve R 14 183 285
- Donations and Public Contribution Reserve R 36 134

These reserves are counter measure used to off-set the expenditure effect of depreciation for assets purchased prior to the adoption of the new accounting standards.

A major difference with GAMAP is the introduction of depreciation which effect is to recognize the impairment of assets as they are consumed in service delivery. It is an accounting expense which in future will be indicative of the establishment of a fund to counter the need for creating reserves for the replacement of the asset when needed.

- Accumulated surplus contains the restatement of the old AFS to the new to the amount of R 25,202,016 which will be used to write-off the assets that still have a useful life.

#### **Non-current liabilities**

- A long-term liability represents loans with DBSA for the swimming pool, and the new Traffic Department and difference in the two years is the additional principal accrued. More detail is found on Appendix A of the AFS.
- Non-current provisions are the liability the municipality has to recognize in respect of leave due to the workforce in total. This has to be reduced by ensuring that annual leave is strictly taken by the employees.

## **Current Liabilities**

- Consumer deposit is for water and electricity consumers that are required to pay a deposit before a connection can be effected.
- Creditors are service providers to who we owe a payment in respect of goods and services received already. Actual creditors outstanding are R 6,363,750 and which were paid in July 2007.
- Unspent conditional grants and receipts, is a new item, and reports on grants received from other funding sources not yet spent. They will be reported as creditors until the funds are spent.
- VAT refer to the claim submitted tot SARS for VAT which was due to the municipality.
- Bank Overdraft represents, in relation to the cashbook, that the municipality was overdrawn and funded the operations from non-operating funds.
- Current portion of long-term liabilities, refer to note 2.

## **Assets**

### **Non-current assets**

- Property, plant and equipment, represents the total assets value of assets owned by council less depreciation.
- Investments, is the bank facility in relation to moneys received for which the municipality attempts to preserve the future value by investing the funds.
- Long-term receivables are long-term debtor whose account will not be paid off within the following year, e.g. Bergsig Self-Help Schemes.

### **Current Assets**

- Inventory represent stock on hand at the year-end e.g. fuel.
- Consumer debtors are debtors or patrons of basic services after the application of a provision for bad debt. Where total debt equals R 22,749,269 and the provision for bad debt amount to R 19,845,224. The rationalization is that all debt beyond 180 days outstanding will be provided for.
- Other Debtors are amounts owed to council from debit balance or any other matters.
- VAT, refer to comment no. 8, this is vat due to the municipality and not by.
- Current portion of long-term debtors, is the portion of debt as referred to in note 3 that will be paid within 12 months.
- Call investment deposits was nil.
- Bank balance and Cash is the total cash resource as the end of the year held in other accounts.

## General Comments

### Banking Details

Council has one primary bank account and the following people are signatories:

Mr NK Singanto      Municipal Manager  
Mr MR Abdullah      Chief Financial Officer  
Mrs. S Van Greunen   Senior Accountant

This account is with First National Bank (Cheque Account), Kirkwood, and the municipality makes use of an electronic banking system to manage funds. Payroll is also effected via this system. Creditor payments still remains manual but will be covered to electronic payments in the next financial year. Two signatures are required to authorize a cheque payment and electronic transfers.

All funds received from government departments other than equitable share, of for a dedicated purpose, are invested separately as part of fund management.

### Debtors

With regards to Note 5, Debtors, the following graphs illustrates the age analysis:

Entire Area by age and Type

	Current	30 days	60 days	90 days	120 days	150 days	
	Debtors	Debtors	Debtors	Debtors	Debtors	Debtors	<b>JUN</b>
OTHER							1,286,269.00
RATES							5,472,937.00
SERVICES							-914.00
REFUSE							3,899,720.00
WATER							7,341,404.00
ELECTRICITY							2,027,565.00
SEWERAGE							1,989,970.00
HOUSING							448,491.00
RENT							63,930.00
JOB CREATION							202,048.00
<b>JUN</b>	(352941.00)	1,156,364.00	1,532,341.00	639,312.00	596,024.00	19,160,320	<b>22,731,420.00</b>



## Comments:

Water remains the highest consumed service with the largest outstanding balance. The prepaid water meter program was identified as a corrective measure to be taken during the 2006/2007 year to manage this service.

## **Creditors**

Creditors comprise trade creditors and credit that results from a credit balance on an account e.g. debtor prepayments. Refer to not 5 for the creditor classification. The R600000 rand security is in respect of a loan requirement for the R2 mil loan approved by DBSA. It will remain for the term of the loan. A book creditor was created for the amount of R 6,363,750 being the VAT component of the outstanding debtors as at 30 June 2007. Otherwise all creditors for the year-end 30 June 2007 were paid and those outstanding at year-end would be paid within the following year.

## **Consumer Deposit**

A total of R 209,480 was held as consumer deposit. These are repaid or transferred to the account, in settlement when the account is closed.

## **Accounting Policy**

The accounting policy, as a result of the new accounting reforms had to be revised accordingly. Find attached as part of the AFS the policy used to guide the formulation of the statements.

## **AUDITOR-GENERALS REPORT**

All report has been submitted to the office of the Auditor-General. However due to time constraint only the financial statement for 2002/2003 could be completed and present to council by 30 June 2006. The 2003/2004, 2004/2005, 2005/2006, 2006/2007 is being finalized with the estimate completion date being May 2008.

## **CHAPTER 3            OVERSIGHT REPORT FOR 2006/2007**

### **Background**

Council is required in terms of the Municipal Financial Management Act (Act 56 of 2003), section 129 to consider its Annual Report and to prepare and adopt an oversight report based on its analysis of the information contained within this Annual Report.

### **Budget performance**

#### **General**

We have implemented the new budget format and it resulted in a significant change in the outlook of the budget. Means are limited and wants are ever growing. The budget performance is acceptable in it net trading was acceptable. Strict financial management is paramount and our current systems are invaluable. The upkeep of basic service sis the primary object and this negatively impacts on social development.

#### **Income**

Sufficient billing potential exist, the effort is in the payment of services. The budgeted income could significantly increase but is limited by realistic anticipated income. We are constantly striving for new income sources. We are dependent on grant funding.

#### **Expenditure**

It is prudent to limit expenditure to match income parameters. However it is indicative of service delivery. Spending wisely and prioritizing spending is a criterion of good cash management and governance. The municipality is focus capital expenditure; however operating expenditure needs to increase for sustainability reasons. Capital expenditure is funded predominately be grant funding e.g. MIG

#### **Tariff**

Tariffs are economical, but the effectiveness in recovering cost is limited as it would result in disparity and an unfair tariff system. There is tremendous pressure to increase tariff to meet income demands. We however consider our tariff low and affordable.

#### **Annual Financial Statement (AFS)**

Implementing the new accounting reforms was a major challenge as we had to comply with new GAMAP and GRAP standards.



## **Auditor Generals Report**

All report has been submitted to the office of the Auditor-General. However due to time constraint only the financial statement for 2002/2003 could be completed and present to council by 30 June 2006. The 2003/2004, 2004/2005, 2005/2006, 2006/2007 is being finalized with the estimate completion date being May 2008.

## **Internal Auditors**

The municipality is part of a shared service to implement the Audit Committee as well as the Internal Audit Service. This will assist in strengthening controls to guide the organization to achieve it's objectives. This in turn will also lessen exception and improve operations and transaction management.

## **Integrated Development Plan**

The size of IDP is significant. This illustrated the extent to which development still has to take place. Without prioritization we would struggle to start implementation as financial resource is very limited. The IDP review process delivers interesting request which prove that once a level of needs is satisfied the community waste no time before moving to the next demand. The primary strategy is to level the service so that every community has basic service first.

## **Performance Management Systems**

The organization always has PMS for senior management but never had organizational PMS. PMS we view as vital for monitoring and review of operation. Over the year management performance peaked between 70% and 80%. We are still striving for increase in performance.

The necessary plans are in place and will be activated in the next year.

## **Service Delivery**

This is our core focus and this is illustrated by the budget. All communities receive water, sanitation, refuse removal and electricity. Those not receiving are on a backlog, awaiting approval for budget allocation so that the service may be implemented. The basic standards are being improved in line with presidential directives.

## **Indigent**

The indigent policy is being implemented on all service to the poor. A lot of education is still needed. The database needs renewal and auditing.

## **Customer Care**

Plans are on the table to develop a computerize customer care module that will ensure that the needs of the community is paid attention too.

## **Governance and Administration**

Governance is good and administration is sound. This is as a result of high capacity and strong management. Managements experience collectively exceeds 75year and all are in possession of tertiary qualifications. A close working relationship between Politicians and Administrators is imperative. Honesty and integrity underpin join control.

## **Annexures**

Annexure A : Financial Statements for year ended 30 June 2007