

FINAL DRAFT
30 MARCH 2007

SENQU MUNICIPALITY



ANNUAL REPORT 2006/7

VISION STATEMENT

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

CONTENTS PAGE

	PAGE NUMBER
CHAPTER 1	4
INTRODUCTION AND OVERVIEW	
MAYOR'S FOREWORD	5
MUNICIPAL MANAGER'S REPORT	6
EXECUTIVE SUMMARY	8
CHAPTER 2	
PERFORMANCE HIGHLIGHTS AND SERVICE DELIVERY APPROACH	20
CHAPTER 3	
HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT	56
EXISTING AND NEW DELIVERY MECHANISMS	57
CHAPTER 4	
BUDGET AND TREASURY REPORT AND RELATED FINANCIAL INFORMATION	64
AUDITED FINANCIAL STATEMENTS	
ANNEXURE A	ANNEXURE A
REPORT OF AUDITOR GENERAL	
ANNEXURE B	ANNEXURE B
RESPONSE TO AUDITOR GENERALS REPORT	102
CHAPTER 5	
FUNCTIONAL AREAS SERVICE DELIVERY	105
COMMUNITY SERVICES DEPARTMENT	106
CORPORATE SERVICES DEPARTMENT	116
TECHNICAL SERVICES DEPARTMENT	125
BUDGET AND TREASURY DEPT	129
OVERSIGHT REPORT	134
CLOSING SUMMARY	156
GLOSSARY	157

1.

INTRODUCTION

AND

OVERVIEW

1.1. **MAYOR’S FOREWORD**

The presentation of Senqu Municipality’s Annual Report for the period 2006 – 2007 provides me as the political head, with an opportunity to examine, evaluate, and report not only on the successes of this past year, but on the challenges we have had to face.

In terms of the 2006/2007 IDP Review a number of priority issues requiring attention were identified during the outreach programmes, and after consultation between the Executive Committee and senior management. These will be discussed during the main body of this report, where we will have the opportunity to discuss the challenges and progress to date for each of these areas.

Shortcomings will be highlighted in service delivery such as backlogs experienced in respect of rural electrification, basic access to roads and storm water, water sanitation and the like. Whilst great strides have been made within these areas within the past twelve months, these issues remain a challenge on a national scale.

Notwithstanding these challenges, areas within service delivery wherein tremendous strides have taken place will also be considered and detailed.

The IDP (Integrated Development Plan) remains the cornerstone of all that is done within Senqu Municipality, and provides both purpose and direction to our efforts to meet the needs of the community.

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

I hereby present you with Senqu Municipality’s Annual Report for 2006/2007. In doing so, I must honour those men and women who have played a vital role in the progress and development made by Senqu Municipality overall. This has been due not only to the strong political leadership, but also due to the exceptional administrative staff and officials generally. To you all, I express my deepest gratitude and appreciation.

May we continue to grow and develop as we move forward, continuing to strive for and to improve on service delivery through service excellence by all.

Z I DUMZELA – MAYOR

.....
Date

1.2. **MUNICIPAL MANAGER'S REPORT**

The 2006/2007-year has yet again provided me with many new challenges as the Municipal Manager.

As always, challenges are regarded as opportunities for growth and development, without which Senqu Municipality would not be able to meet the communities' needs and be given the opportunity to develop into the special place that it has become.

As already alluded to, the challenges and successes have been many and may be very briefly summarized as follows:

- Implementation of the Municipal Finance Management Act (over three years, beginning 2004) has resulted in management, senior staff and all the Executive Committee members being trained in terms of the requirements of the Act (now implemented).
- The implementation of GAMAP (Generally Accepted Municipal Accounting Practices) began during the 2002/2003 financial year. It has been our challenge to train senior financial staff in terms of implementation thereof and to obtain assistance from external service providers should this be deemed necessary.
- Extensive training has been undertaken in terms of our Work Place Skills Plan in respect of Supply Chain Management, Corporate Governance, Project Management, Performance Management, ICT, Life Skills and basic education. Councillors have also been trained, capacitated and supported to perform their duties as elected representatives.
- Performance Agreements have been entered into with all s57 Managers and Middle Managers. Whilst Performance Appraisals were not conducted at the end of the financial year, this will be required to be formally addressed.
- The IDP (Integrated Development Plan) has been reviewed and the SDBIP's (Service Delivery Budget and Implementation Plans) have been developed and assessed as required on a quarterly basis, in order to target and manage performance within the organization.
- In terms of Occupational Health and Safety and Employee Wellness issues, we are happy to report that administratively this function is reaching greater levels of compliance. Required meetings are being held, committees have been established, risk assessments conducted and the like.

It is further worth noting that there were no occupational injuries reported during this year.

Municipal-wide Awareness Campaigns have also been launched in respect of Employee Wellness.

- Infrastructure development, whilst a constant challenge from a resource point of view remains focused, and development has occurred in many areas.
- Improved communication networks and processes (internally and externally), continue to ensure that all involved and affected parties have a thorough understanding of the developmental challenges facing Senqu Municipality in respect of its service delivery mandate. Strategic Planning continues to ensure sustainable growth and development within all areas.
- Our biggest challenge relates to the qualified audit report received. Based on the emphasis of matter (contained within this report), certain concerns and administrative weaknesses were highlighted and are urgently required to be addressed. It is our undertaking to ensure that these highlighted issues are addressed and to ensure that no further qualifications occur within these areas, for the year that lies ahead.

In conclusion, I wish to place on record my sincere thanks and appreciation to all parties that have assisted us in achieving our goals and objectives during 2006/2007. Officials and politicians must be commended – without this co-dependant relationship we would not be able to meet our challenges.

More specifically: to our Mayor, Mr Z. I. Dumzela for his ongoing support, and for the guidance from the Executive Committee – I can only thank you. To my Departmental Heads and staff throughout– thank you for all your hard work and commitment. This has not gone unnoticed.

May we continue to grow and develop, so that we meet these challenges together and so that as a nation we move positively towards 2010.

M M YAWA
MUNICIPAL MANAGER

.....
Date

1.3 EXECUTIVE SUMMARY

Politically, economically and socially, Local Government is required or at least expected to ensure that very strong steps and progress is made in order to alleviate poverty, deliver basic services, and to facilitate involvement of other service providers within this domain — thereby also aiming to stimulate the economy and to ensure that job opportunities are created. Meeting the needs and expectations of the community whilst taking into account the limits facing the municipality as a result of the resources available remains a challenge. In the current year of review a very thorough public participation process was undertaken via the mayors outreach program as part of the IDP and budget review and it can truly be said that this years budget reflects the wishes of the people.

VISION STATEMENT

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

MISSION STATEMENT

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

STRATEGIC DIRECTION FOR SENQU

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

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

STRATEGIC DEVELOPMENT OBJECTIVES

Flowing from the priority areas identified are the strategic development objectives for Senqu municipality and commensurate strategies identified in order to meet these objectives. These objectives and strategies are included in a table to be found in section 2.2.3, page 77 of the Budget & Treasury report. This annual report sets out the progress and achievements that Senqu Municipality has made in the sector reports, which follow. Significant progress has been made in addressing priority issues such as housing, sanitation, roads and electricity provision.

FINANCIAL HEALTH

The auditing of the financial statements for the period ending 30 June 2007 has been completed and the Report of the Auditor General for Senqu Municipality for the 2006/2007 financial year has been included in Chapter 4 (Annexure B) of this Annual Report (Budget and Treasury Report).

It is once again of concern that Senqu Municipality received a qualification as detailed in point 11 of the Auditor Generals Report. The qualification relates in the main to verification and impairment of fixed assets and the recoverability of certain debtors. In terms of the emphasis of matter (contained in points 12 to 23 of the same report), a number of non-compliance with sections of the Local Government Systems act No 32 of 2000 and non compliance with the Local Government: Municipal planning and Performance Management Regulations 2001 were highlighted. The Auditor General also listed points of non-compliance with other regulations relating to performance management and the attachment of doctors certificates to sick leave forms.

The matters emphasised by the Auditor General provide this municipality with a checklist, which we as a municipality need to strive to remedy in the next audit period. We wish to assure you that this will become our prime focus. Areas identified, as shortcomings will be addressed as resolved and it is our undertaking to extend every effort to ensure that we obtain an unqualified audit report for the 2007/2008 financial year.

ADMINISTRATIVE CONSIDERATIONS

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

The current implementation of an Integrated Performance Management System for section 57 managers needs to be extended to all levels of administration, which will ensure that performance is managed both at institution and employee levels, thereby ensuring performance optimization and service excellence for all, within an operating environment, which remains legislatively compliant and addresses the needs of the community. In addition we recognise the need to set key performance indicators in respect of each of the development priorities set out in the integrated development plan.

1.4 **GEOGRAPHICAL CONTEXT**

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

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

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



As the largest Municipality in the Ukhahlamba District Municipality, Senqu Municipality covers an area of 6772km². A unique feature of this Municipality is the fact that it sits on the border between the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

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

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

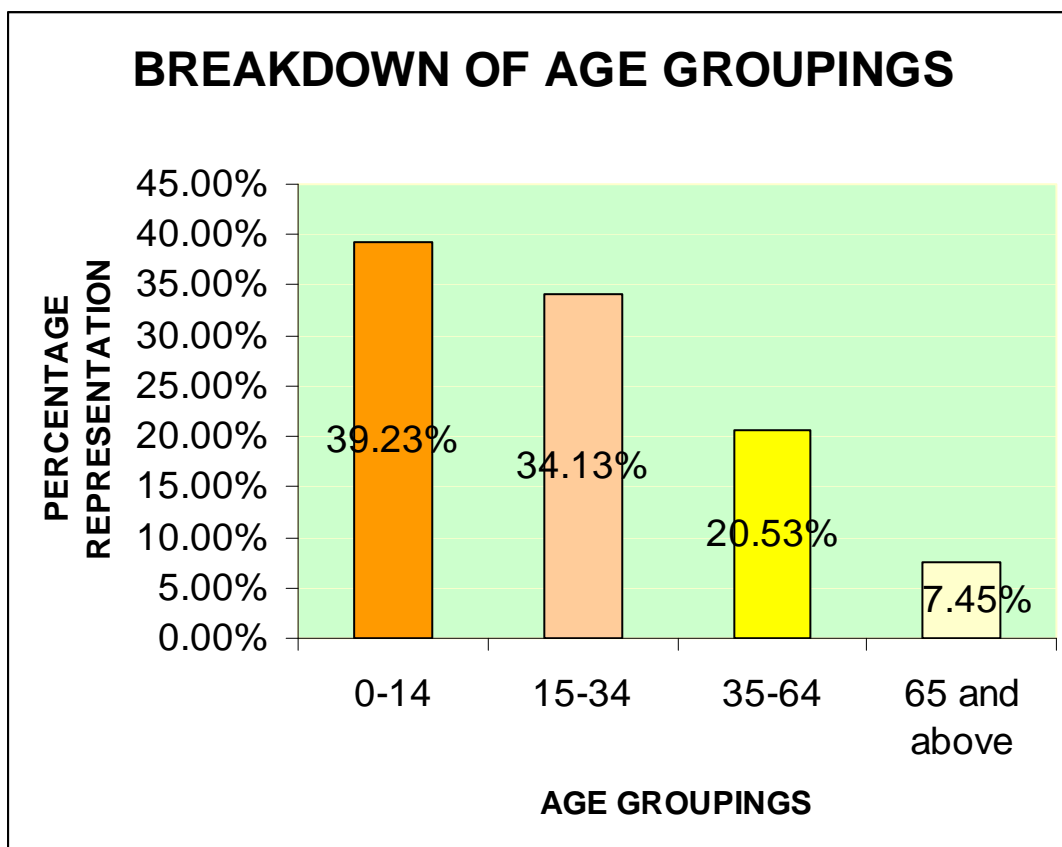
DEMOGRAPHICS

Population

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

Age

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



Employment

It is estimated that :

- 13% of population formally employed.
- 18% actively seeking employment.

- 17% households have no steady income
- 83% of remaining households earn less than R1 600 per month.

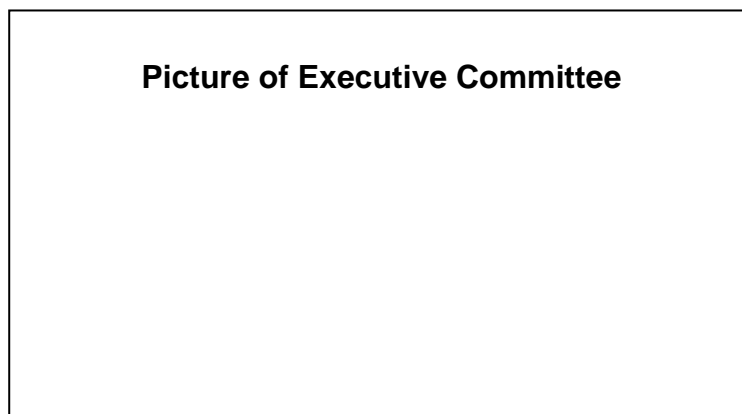
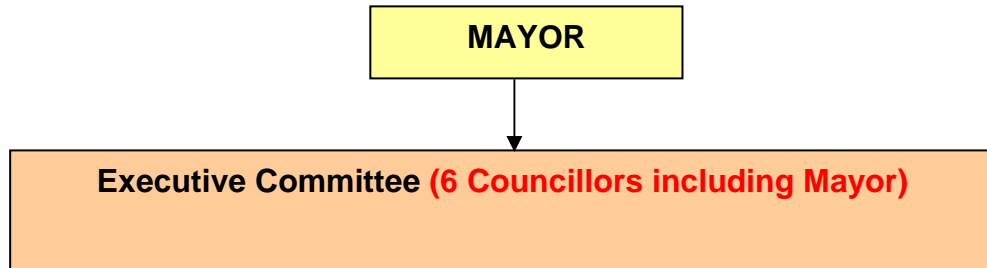
Note: This figure is below the Household Subsistence Level for the Province.

1.5. GOVERNANCE AND ADMINISTRATION STRUCTURE

1.5(a) Political Structure

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

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



Executive Committee

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

Speaker : Cllr D Mqungquthu

Chief Whip : Cllr Mafilika

Ward Committees

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

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

Standing Committees

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

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

The following Standing Committees have been established:

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

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

Members of Standing Committees :

Housing & Estates

Chairperson : Cllr Mafilika
Councillors : M Mpelwane
L Tokwe
J Lamane
A Sobhuza

Budget & Treasury Office

Chairperson : Cllr Kuse
Councillors : M Stanley
J Constable
A Mateisi
N Kwinana

Corporate & Support Services

Chairperson : Cllr V Mbulawa
Councillors : I Elia
L Booie
N Nombula
M Ncise

Community and Social Services

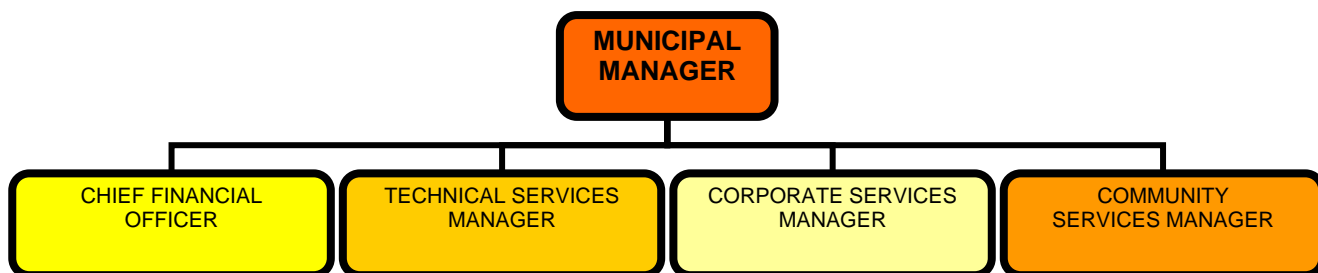
Chairperson : Cllr G Mbonzana
Councillors : A Kwinana
M Ngendane
M Bingwa
B Juju

Technical Services

Chairperson : Cllr August
Councillors : G Parkies
S Ndzongana
G Mvunyiswa
M Moeletsi

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

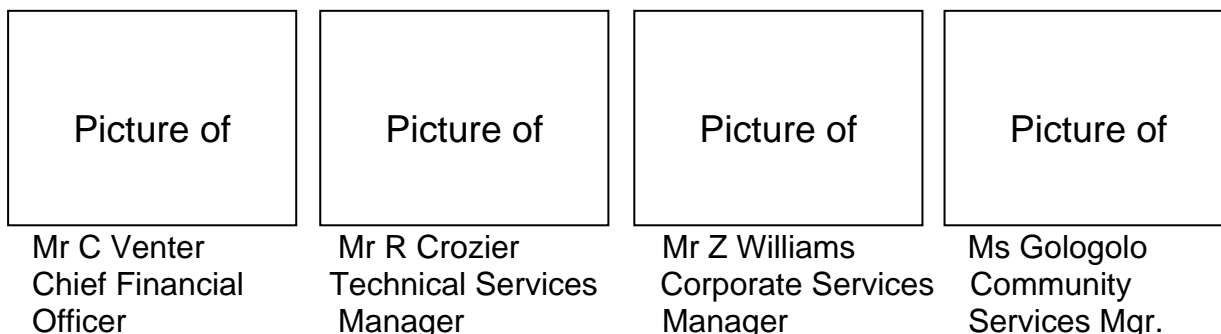
1.5(b) **ADMINISTRATIVE STRUCTURE**



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



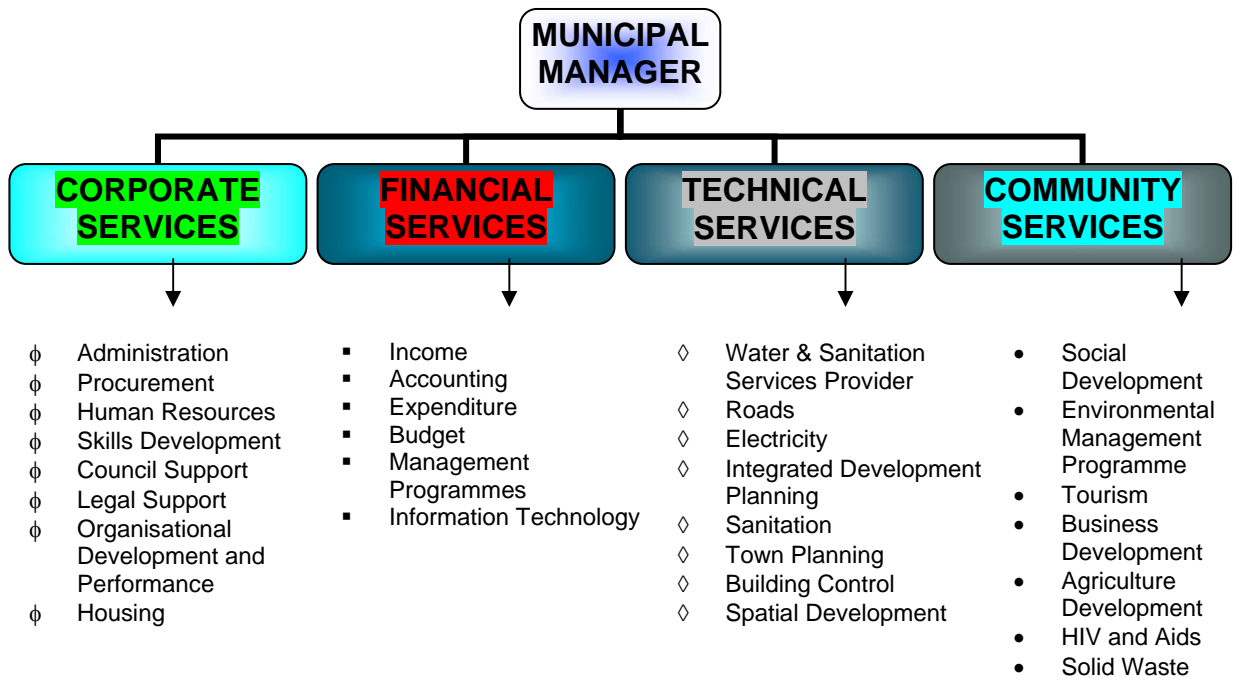
Mr Yawa, Municipal Manager



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

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

FUNCTIONAL STRUCTURE



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

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

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

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

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

Purpose of Integrated Development Planning

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

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

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

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

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

The key themes arising out of these strategic meetings and outreach programmes and informing the development of the IDP Review (2006/2007) were a focus on service delivery, including the way existing services are delivered and maintained, with emphasis on the following focus areas:

- ❖ Institutional Capacity
- ❖ Institutional Restructuring
- ❖ Water and Sanitation
- ❖ Addressing HIV/AIDS
- ❖ Stimulation of the economy with emphasis on agriculture
- ❖ Roads & Stormwater
- ❖ Electricity Provision and
- ❖ Housing Provision and Acquisition of Land.

2.

PERFORMANCE

HIGHLIGHTS AND

SERVICE DELIVERY

APPROACH

2.1. **PERFORMANCE HIGHLIGHTS**

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

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

2.1.a **MUNICIPAL MANAGER'S OFFICE**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMUNICATIONS & CUSTOMER RELATIONS	<ul style="list-style-type: none"> • Improve customer relations and communication • Engage with local communities as to their satisfaction with services rendered by the Municipality (Mayoral outreach programme) • Develop a Service Delivery Charter • Undertake outreach and other programmes • Implementation of communications strategy • Investigation concept of Community Support Centres • Corporate identity and image promotion. Develop values for the Municipality • Utilise the municipality's website as an information, education and marketing portal 	<ul style="list-style-type: none"> • Planned established integrated call centre • Planned to undertake Customer Satisfaction Survey • Currently through Mayoral Outreach Programmes • Planned to develop Service Delivery Charter • Undertake IDP review /budget process • Communications strategy to be implemented • Investigation into the concept of Community Support Centres • Customer Care Centres • A set of values for Senqu Municipality • Website utilised effectively to communicate, educate and market the Municipality site 	<ul style="list-style-type: none"> • Not established Funding constraints & support systems (staff, computer software IT Network) unreliable hence affects customer relations re information. • Customer relations needs to be filtered throughout the organisation • Not being able to reach all communities in the medium and language of choice. • The high costs of printing and advertising which limits the production of publications and adverts. • Staff shortages • Funding • Established Mayoral Outreach Programmes
ACCESS TO INFORMATION	<ul style="list-style-type: none"> • Access to Information Policy 	<ul style="list-style-type: none"> • IDP developed and reviewed annually in line with service delivery and budget implementation. Plans aligned to budget. 	<ul style="list-style-type: none"> • Achieved
IDP	<ul style="list-style-type: none"> • Management & Implementation of integrated IDP 		<ul style="list-style-type: none"> • Achieved

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>PERFORMANCE MANAGEMENT</p>	<ul style="list-style-type: none"> • Grants-in-Aid Policy • Implementation of institutional scorecard • PMS agreements developed • PMS system developed • PMS Audit Committee 	<ul style="list-style-type: none"> • Advertised • Number of Grants in Aid applications received and grant funding provided (approved by EXCO) • Plans to implement • Developed for s57, plans in place to phase-in system to broader spectrum of employee • Developed/requires review • Planned phased-in approach to middle management levels • Not appointed currently 	<ul style="list-style-type: none"> • Current management on Management Development Programme. • Grant funding provided (approved by Exco) funding remains an issue • Grants received from MSP and Provincial Government for PMS • Funding constraints • Capacity • PMS agreements developed • PMS System to be phased in at middle management level • Balanced scorecard type system in place • Internal Audit Committee nominated Cllr/s & External Consultant on PMS Audit Committee • Formal PMS audit committee to be established

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>CORPORATE GOVERNANCE</p>	<ul style="list-style-type: none"> • Ensuring that Governance issues are processed correctly • Codes of Conduct 	<ul style="list-style-type: none"> • Establish Internal Audit Committee • Develop Remuneration Policy • Appoint remuneration committee • Establish Register of Interest • Fraud Prevention Policy • Presented to staff and Councillor 	<ul style="list-style-type: none"> • Established • Established • Appointed • Established • In progress • Continuously

2.1.b **CORPORATE SERVICES DEPARTMENT**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATION & COUNCIL SUPPORT	<ul style="list-style-type: none"> • Provision and logistical support to Council • Establishment and functioning of ward committees • By-laws • Document Management System • Integration of filing systems 	<ul style="list-style-type: none"> • Various by-laws developed and gazetted • A procedure to guide public liability claims has been completed and implemented • Functional document management system developed • Integration completed • Awaiting approval from Provincial Archives 	<ul style="list-style-type: none"> • Established 16 Wards • Training implemented • Developed • Monitor implementation • Staff • To be developed • The greatest challenge is setting up a functional Electronic Document Management System that will ensure effective and efficient communication • The rapid changes in technology requires management to continuously focus on reducing costs and improving the service and value added for the customer services. • An effective & efficient communication infrastructure remains a challenge to management in order to facilitate business objectives.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATIVE & COUNCIL SUPPORT CONTINUED...	<u>Schedule of Council meetings</u> <ul style="list-style-type: none"> • Standing Comm. • Exco • Council • Organized system of Council Support required • Required equipment in place – electronically manage • Exco Committee agendas and minutes in an effort to reduce quantity of paper used • Upgrade printing equipment to reduce down time and increase output 	<ul style="list-style-type: none"> • Council approved schedules of meetings, including deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/notices. • Equipment not acquired. • Fully installed and functional/ operational printing and recording equipment. • Equipment acquired. 	<ul style="list-style-type: none"> • Achieved • Funding • In place • In place • Funding
HILLSIDE HOUSING PROJECT - 600 (R2 065 773)	<ul style="list-style-type: none"> • 600 units have been completed. 39 units to be constructed. 141 slabs have been cast and we need to increase this drastically 	<ul style="list-style-type: none"> • Incomplete • Huge delays relating to disaster caused by rain. The project had to stop for 5 months because the bridge to the project was washed away by rainstorms. 	<ul style="list-style-type: none"> • Lack of infrastructure in the area

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Provision of housing policy and low-cost housing through low-cost Housing Subsidy. • To increase access to formal housing; Planned to increase to 15 000 inhabitants 	<ul style="list-style-type: none"> • Plans to repair bridges • The access road to Hillside in a bade state and no material supplier refused to deliver material to the site • Poor workmanship and lack of commitment to the project by the developer (women in construction) • The DHLG and TA • Planned upgrading of access roads • Plans in place to rectify defects 	<ul style="list-style-type: none"> • Lack of experience in a rural housing project has contributed to the slow pace of the project. • Beneficiary administration incorrect allocation of beneficiaries allocated sites in areas which belonged to other identified beneficiaries
<p>KWEZI-NALEDI LADY GREY HOUSING PROJECT – 1000 UNITS R2 713 848</p>		<ul style="list-style-type: none"> • 90% complete. 700 allocated to beneficiaries 47 Units to be constructed • Upgrade of storm water reticulation • Efficient technical support of material supplier 	<ul style="list-style-type: none"> • The road infrastructure is poor during rainy days because of poor storm water control. • Achieving Provincial norms of housing delivery

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
		<ul style="list-style-type: none"> • Sub-contractors to the supplier were not paid – contributed to slow progress. • Performance of emerging contractors – surpassed the material supplier in terms of value creation on site. • Material shortages • Savings accrued to cover shortfall in material shortages 	<ul style="list-style-type: none"> • Policy is subject to yearly review based on policy shift – National & Provincial level • Poor performance of the material supplier • Job creation • S.C. contractors must still do cleaning around the houses in all houses with slabs below ground level.
<p>HERSCHEL HOUSING PROJECT – 700 UNITS (R2 461 783)</p>		<ul style="list-style-type: none"> • Complete • Beneficiary occupancies at 410 • MEC Proclamation of Herschel Township Establishment lapsed – new application through Setplan • Plans in process to find alternative beneficiary re-allocate • Installation of waterborne sewerage systems • Repair to Road Infrastructure by SC Contractors 	<ul style="list-style-type: none"> • Challenge of locating beneficiaries. • Awaiting MEC Proclamation (Setplan) • Difficulties experienced in locating original allocated beneficiaries

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
RHODES – RENOVATION OF 30 RDP UNITS – INTERNAL FUNDING		<ul style="list-style-type: none"> • 26 Units were renovated, painted, plastered and aprons built • New floor slabs were put up and new doors were also fitted 	<ul style="list-style-type: none"> • There is still a need for RDP houses in Rhodes • Availability of land – submit application for housing
RENOVATIONS – 200 RDP UNITS – HERSCHEL/ORANGE FONTEIN		<ul style="list-style-type: none"> • The district municipality has delayed this project. • Two show houses built • Progress slow • Funding received from Dept of Housing, LG and Traditional Affairs 	<ul style="list-style-type: none"> • Commitment from the District Council • Sanitation infrastructure renovations not funded

2.1c. **COMMUNITY SERVICES DEPARTMENT**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
COMMONAGES	<ul style="list-style-type: none"> ▪ Budget of R 1000 000 available for Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting mielies and wheat. 	<ul style="list-style-type: none"> ▪ Successful mielies crop ▪ Fencing ▪ Barkly East & Lady Grey ▪ Renovation of farm building at Lady Grey ▪ Fencing at Lady Grey completed 	<ul style="list-style-type: none"> ▪ Funding to extend Commonages ▪ 13 second-hand tractors bought caused many breakdowns – not serving intended purpose ▪ Planning equipment purchased and suited to area. ▪ Drought delayed ploughing and planting. ▪ A huge challenge to commonage management is the overgrazing. ▪ Negotiations with small farmers taking place. ▪ Overgrazing at Barkly East Commonages
POUNDS	<ul style="list-style-type: none"> • Manage and maintain pounds 	<ul style="list-style-type: none"> • Planned project to establish pounds 	<ul style="list-style-type: none"> ▪ Staff shortage ▪ Funding ▪ Equipment/Vehicles

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
PARKS AND PUBLIC OPEN SPACES	<ul style="list-style-type: none"> ▪ Provide adequate facilities/ maintenance of facilities to create pleasant environment ▪ Grass on sidewalks, parks and open spaces to be cut ▪ Renovation at caravan Park ▪ Planting and pruning of trees 	<ul style="list-style-type: none"> ▪ Grass on sidewalks, parks and open spaces cut regularly in the 4 towns within Senqu i.e. Rhodes, Barkly East, Lady Grey and Sterkspruit. ▪ 74 012 m² grass was cut including cemeteries, sports fields, sidewalks and parks. ▪ 29615 m² garden refuse disposed ▪ Completed ▪ Regular pruning of trees and shrubs took place 	<ul style="list-style-type: none"> ▪ Difficulty during growing season to maintain side walks, due to staff shortages and equipment availability. ▪ After first frost the work returned to normal and the backlog could be dealt with. • Lack of funding – no additional trees planted. • Pruning of trees and shrubs - not performed regularly • Staff shortage
SPORTSFIELDS	<ul style="list-style-type: none"> ▪ Maintain and develop facilities focusing to use resources optimally to deliver best possible services to community 	<ul style="list-style-type: none"> ▪ 52 facilities ▪ Planned construction and rehabilitation of sports grounds ▪ Maintenance of sports grounds ▪ Fencing ▪ Public amenities at sport grounds 	<ul style="list-style-type: none"> ▪ Funding ▪ Staff shortage ▪ Vandalism ▪ Security

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>REFUSE REMOVAL/ SOLID WASTE</p>	<ul style="list-style-type: none"> • Provide refuse removal service, solid waste sites, waste transfer • Household refuse and business refuse to be removed efficiently and effectively. • Daily cleaning of streets to ensure health standards maintained. • Development of a functional solid waste site. • Develop solid management plan 	<ul style="list-style-type: none"> ▪ Opening furrows & culverts ▪ Household refuse removed once a week and business refuse twice a week. ▪ Streets cleaned daily, assisted by volunteers in Barkly East, Lady Grey and Sterkspruit. ▪ Household refuse removed per month is 7984 m² ▪ 35231 m³ Domestic refuse and 29615 m³ garden refuse disposed of. ▪ Development and registration of a solid waste site at Barkly East has been completed. ▪ Establish registered solid waste sites 	<ul style="list-style-type: none"> ▪ Old outdated machines and equipment ▪ Financial constraints – budget insufficient for improvement ▪ Refuse vehicles required ▪ Maintenance of vehicles ▪ Acquiring/Purchasing bins and containers ▪ Funding

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
HEALTH	Provision of accessible Primary Health Care Service to Communities	<ul style="list-style-type: none"> • Provision made at Robert Mjobo Clinic in Lady Grey for consulting rooms and for both District and Province to operate from one building • 18 924 Patients attended to over 5 years of age. • 24 521 Patients attended to less than 5 years of age. 	<ul style="list-style-type: none"> • Provincial funding allocations (R467 000) • 1 x clinic at Lady Grey controlled by Council. • Other clinics are controlled by either District municipality or Province • Shortage of qualified/skilled clinic staff are an ongoing challenge
HIV/AIDS	<ul style="list-style-type: none"> • HIV/Aids Education & HIV/AIDS Awareness Prevention Campaigns • Voluntary care setting and testing VCT in Clinics • PMTCT of HIV • Diagnosis treatment of opportunistic to infections 		<ul style="list-style-type: none"> • Shortage of Professional Nurses • Inadequate funding • Insufficient Volunteers (HIV/AIDS) • Inadequate drug allocations • Shortage vehicle to undertake health promotion • Counselling and debriefing of staff doing community counselling
DISASTER MANAGEMENT	<ul style="list-style-type: none"> • Develop Disaster Management Programme 	<ul style="list-style-type: none"> • Lobby District of Municipality • Compile Disaster Management Programme 	<ul style="list-style-type: none"> • Core function of District Municipality • Lack of co-ordination

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
CEMETERIES	Control burials within National framework of Health Act	<ul style="list-style-type: none"> • 7 Cemeteries in Municipal area planned • Development of pauper burial policy • Planned development • Cemeteries ongoing maintenance 	<ul style="list-style-type: none"> • 213 burials recorded during 2006/07 financial year • Funding • Illegal burials • Shortage of staff • Security
TOURISM	<ul style="list-style-type: none"> • To provide safe, sustainable and equitable amenities to all citizens in order to draw tourists to the region 	<ul style="list-style-type: none"> ▪ Senqu Tourism established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit ▪ Tourism strategy 	<ul style="list-style-type: none"> • Tourism Association established and functioning • Allocated funding R500 000
<p>LOCAL ECONOMIC DEVELOPMENT</p> <p>To support the increase in the economic growth of the area by at least 3% by end June 2007.</p> <p>Ensure strong linkage with stakeholder in Local Economic Development</p>	<ul style="list-style-type: none"> • LED Forums • Development of LED Strategy • Procurement policy to support skills transfer • Initiate Job Creation Programme • Establishment of sustainable agricultural and tourism projects • Maximize natural resources • Promotion of local employment • Opening up economic opportunities 	<ul style="list-style-type: none"> • Planned : LED forum in place 	<ul style="list-style-type: none"> • Marketing brochures developed • Website developed • Marketing Tourism destination • Create source income • Economic development • Future funding capacity • Job creation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Increase public private partnership • Market the potential of the area • Accelerate the establishment of SMME's. • Implement Black Economic Empowerment Policy • Implement the expanded public works programme • Add value to production • Development of LED strategy planned • Development of co-operatives throughout the Dept of Education and Umsobumvu Youth Fund Programme • Implementation of Special Programmes • Tirisano Disabled Project Funded by Dept of Housing Local Government and Traditional Affairs 	<ul style="list-style-type: none"> • 70 co-operatives registered • 90% co-operatives owned by women and youth • 10% co-operatives owned by elderly • Planned Youth Projects and Project for Disabled • Brick making project • 42 beneficiaries • 100% youth • 75% women • 25% males 	<ul style="list-style-type: none"> • Allocated funding R280 000 • Allocated funding R70 000 • Allocated funding R300 000 • Funding challenge/Top Up funding • Economic growth

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
SHEARING SHEDS	<ul style="list-style-type: none"> • Sinethemba Development Initiative funded by Dept Science & Technology and Medical Research Council. Project involves planting of pelargonium sedoides • LED Phase1 iKwezi Lokusa Textile funded by DHLG & Traditional Affairs to amount of 1.1m .22 beneficiaries – manufacturing of clothing, bags, carpets, etc • Iketsetseng catering funded by Ukhahlamba District Mun - involves catering • Rossouw Agricultural Project funded by DHLG & Traditional Affairs • Gxothindlala Project • Land Care Project Ward 4 • Masithembane Poultry funded by DBSA (R1,4 million) • Production of eggs and chickens • Construction of shearing sheds 	<ul style="list-style-type: none"> • 100% Youth • 15 permanent jobs created • 9% women • 6% males • 8 permanent jobs created • 100% women • 2% youth • 60% women • 10% youth • 30% males • 41 beneficiary families • 27 beneficiaries • 60% women • 10% youth • 30% elderly • Planned 	<ul style="list-style-type: none"> • Allocated funding R200 000 • Shortage of staff and equipment • Lack of commitment from beneficiaries • Shortage of office space • Inadequate budget • Conducive work environment • Future funding allocated • R200 000 • Positive staff and community • Minimal conflict • Funding

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p>COMMUNITY HALLS</p> <p>Barkly East 3 Lady Grey3 Sterkspruit (town) 1 Sterkspruit (rural) 6</p>	<ul style="list-style-type: none"> • Provide facilities in rural areas and to maintain existing management of facilities • Extension of services to communities upgrading of facilities 	<ul style="list-style-type: none"> • Renovation of interior of Barkly East Hall completed • Planned hall in Ward 3 Mmusong completed • 400 chairs purchased • 8 pre schools built in rural areas • Planning construction of halls : • Tapoleng • Majuba • 16 multi-purpose halls 	<ul style="list-style-type: none"> • Completed • Mmusong completed • 100 chairs distributed to various halls • In the process of hand-over completed • Funding allocated
<p>LIBRARIES</p>	<ul style="list-style-type: none"> • Promotion of reading/study materials 	<ul style="list-style-type: none"> • Planned completion of renovation to library • Maintenance to buildings • 4 facilities in various units within 4414 users • Sterkspruit not fully functional 	<ul style="list-style-type: none"> • Shortage equipment and materials • Funding to complete library in Sterkspruit • Capacitaton of/ qualified staff • Lack security at buildings

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>ELECTRICITY & STREET LIGHTING (Total Budget Allocation – R 11,088,435)</p>	<ul style="list-style-type: none"> • Provide electricity to 1 713 residential and commercial consumers • Provide public lighting to Sterkspruit, Lady Grey & Barkly East • New connections done on request in licensed areas • Ongoing maintenance of existing networks • The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future • Maintenance of existing public lighting • Extension of public lighting systems • Maintenance and renewal of public buildings electrical installations, when required 	<ul style="list-style-type: none"> • 17 new connections done on request as there is currently no backlog in licensed areas • 329 Electricity faults reported and dealt with. • Conventional electricity meters serviced/ replaced - 145 • Service Level Agreements are in place with ESKOM • Installation of new street lighting in Herschel (40 units) • 1,550 Km of LV line upgraded in Sterkspruit and Barkly East • 1 Km of MV Line upgraded in Barkly East • Ongoing operation and maintenance • Purchase of 3-Ton Truck • Electricity purchased from ESKOM- 20 MW 	<ul style="list-style-type: none"> • Electricity losses (due to theft & poor metering & networks) • Ageing infrastructure • Insufficient funding • Electricity backlogs in the rural area • ESKOM installation requests taking too long • Cherry Pickers need replacement (includes trucks) • Standardization of equipment • Supply Chain Management • Non - compliance of communities with regard to electrical installations • Adhoc maintenance is being achieved despite challenges. • The formation of RED's financial & service delivery negative impact. • Lack of workshop & storage space

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>ROADS & STORMWATER (Total Budget Allocated R 7,166,120)</p>	<ul style="list-style-type: none"> • The maintenance and reconstruction of gravel and surfaced roads • The construction of sidewalks • The construction of storm water systems • The construction of bridges and river crossings • Maintenance of road furniture (exception of signage) • Purchase of plant • Planning and design of new projects • Road maintenance software received 	<ul style="list-style-type: none"> • Construction & rehabilitation of 18,2 km of new roads in Wards 9.1 & 2 • Purchase of plant (R1,579M) • Construction of pedestrian bridge at Sterkspruit (R 270,000) • Construction of motor bridge at Kwezi Naledi (R700,000) • Construction of motor bridge at Sunduza (R730,000) • R 260,000 spent on creating 172 temporary jobs • Ongoing general Operation & Maintenance • Potholes repaired - 300 	<ul style="list-style-type: none"> • Insufficient funds • Reducing the access roads backlog • Resurfacing of Dept of Transport roads • Supply Chain Management • Urban renewal needs to be done to encourage LED • The roads classification system needs to be completed by National • Insufficient plant • Gravel shortage in rural areas • Distances to borrow pits. • Access roads need to be sealed with lined storm water channels

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>WATER (Total budget allocated R 4,702,286)</p>	<ul style="list-style-type: none"> • The Senqu Municipality was appointed a Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of June 2007. • Water purification is undertaken at Lady Grey, Barkly East & Rhodes • Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw • Sterkspruit water is supplied by Bloemwater, but reticulated by Senqu • Potable water is reticulated to 5886 households within the Senqu area of appointment 	<ul style="list-style-type: none"> • Water purified was 1,683,397 Kl • Water faults reported and attended to were 474 • Water meters replaced/ serviced were 45. • New water connections were 14 • Ongoing maintenance • Drought emergency measures proved successful in Lady Grey with little inconvenience to consumers 	<ul style="list-style-type: none"> • Completion of the Section 78 process • A permanent solution to the Lady Grey bulk water supply • Capacitating of staff • Incompetent staff • Water backlogs in the rural area • Rehabilitation of the Barkly East & Rhodes reticulation networks • Compilation of a water master plan for all areas • Supply Chain Management • Rehabilitation of the Barkly East purification works • Installation of section metering for water balancing • Realistic tariffs for cost recovery • Replacement of vehicles

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>WATER (Total budget allocated R 4,702,286) ...continued...</p>	<ul style="list-style-type: none"> • New connections are done upon application • Infrastructure is the responsibility of the Water Services Authority • Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality • Maintenance of purification works and reticulation systems 		<ul style="list-style-type: none"> • Bulk supply to be established for Rossouw • Bulk supply to be rehabilitated for Rhodes • Lady Grey dam scour and line • Installation of fire hydrants • Pressure & storage problems in Lady Grey • Refurbishment of Lady Grey filters • No movement on the Orange River Macro Water Scheme project

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>SANITATION (Total budget allocated R 5,361,034)</p>	<ul style="list-style-type: none"> • The Senqu Municipality has been appointed as a Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until June 2007 in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit • The rural areas fall directly under the Water Services Authority • Infrastructure projects are the responsibility of the Water Services Authority 	<ul style="list-style-type: none"> • Ongoing Operation and Maintenance • Complaints reported and attended to were 1329 • Sewer blockages were 289 • VIP's serviced – 105 • New connections – 8 • Electricity for irrigation installed at Sterkspruit 	<ul style="list-style-type: none"> • Rural sanitation backlogs • Bucket eradication in un-formalized areas • Sanitation ponds needed in rural areas • New vehicles needed • Waterborne sanitation for bucket eradication in Lady Grey & Barkly East • Herschel waterborne sanitation and disposal works project started. (R 7M) • Supply Chain Management • Old and ageing infrastructure in Barkly East (reticulation) • Urgent upgrade of the disposal works in Sterkspruit

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>SANITATION (Total budget allocated R 5,361,034)continued ...</p>	<ul style="list-style-type: none"> • New connections are done upon request as there is no real backlog in the delegated area, although a large percentage are below RDP Standards • Maintenance of ponds, conservancy tanks and reticulation systems • Waterborne households served -1315 • Buckets and below RDP standard - 4 113 • Conservancy tanks - 189 • Urban VIP's - 265 • The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods • A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas 		

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>TOWN PLANNING & BUILDING CONTROL (Part of Technical Administrative budget – no line item)</p>	<ul style="list-style-type: none"> • Application of legislative issues • Control of land use • Building safety • Environmental protection • Spatial Development 	<ul style="list-style-type: none"> • Building plans received & approved –29 • Rezoning applications received and approved – 5 • Subdivision applications received and approved –16 • Consolidation applications received and approved – 0 • Building Control Officer appointed 	<ul style="list-style-type: none"> • Vehicle needed • Separate budget for town planning and building control • Zoning maps needed for Herschel, Rhodes and Rossouw • Community land issues need to be legally solved • More land for development required in Sterkspruit • Government departments not liaising with the municipality before developments are implemented

Revenue Collection / Income Generation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
INFORMATION TECHNOLOGY	<ul style="list-style-type: none"> • Implementation of electronic document management system/IT Support function (Man of function – Corp Services) • Develop and maintenance of Municipal Website • Training of IT system • Roll out of Internet/e-mail facilities • Upgrade of the financial Sebata systems hardware • Secure systems support service • Meet annual computer requirements of all departments • Roll out and implementation of IT Strategy 	<ul style="list-style-type: none"> • Not complete • Developed and maintained • Ongoing • An upgrade of the financial systems software and hardware. • Effective hardware & software • Effective IT support services • Another challenging task to meet the annual computer requirements of all the department <u>was successfully completed</u> within the availability of the funding. 	<ul style="list-style-type: none"> • Corporate function -- IT support from finance • Very slow progress on the implementation on an electronic document management system could be made as a result of over commitment of staff and general capacity problems together with the long process of obtaining approval for the allocation of funding. • Effective website (www.senqu.gov.za) strategy could only be done in incremental stages.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
	<ul style="list-style-type: none"> • Maintain GIS System • Update ownership/ Title Deed information • Update road and street infrastructure • Update valuation information 	<ul style="list-style-type: none"> • Further roll out and implementation of the IT Strategy • Electrical infrastructure and sewerage infrastructure • Solid Waste infrastructure 	<ul style="list-style-type: none"> • Staff effective in use of the system. E-mail and internet facilities available. • Skills development and software obtaining sufficient staff to meet requirements remain a major challenge. • Effective hardware & software. • Effective IT Support Services • Phase II implemented • Funding • Capacity of staff

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
REVENUE COLLECTION / INCOME GENERATION Accurate & complete Valuation Roll	<ul style="list-style-type: none"> ▪ Annual reconciliation of Valuation Roll. • Annual reconciliation of Assessment Rates ▪ Annual billing of Assessment Rates 	<ul style="list-style-type: none"> ▪ Correct annual Assessment rate accounts 	
Accurate & reliable consumer database	<ul style="list-style-type: none"> • Do survey of infrastructure & services on farms • Monthly updating & maintaining accurate & reliable consumer database. • Data Cleansing 	<ul style="list-style-type: none"> • Comprehensive, reliable and accurate consumer database 	
Credit Control & Debt Collection	<ul style="list-style-type: none"> • Review, maintain & implement Credit Control & Debt Collection Policy 	<ul style="list-style-type: none"> • Effective Credit Control & Debt Collection procedures. 	<ul style="list-style-type: none"> • Implement innovative strategies • Capacity issues
Financial Policies & By-Laws	<ul style="list-style-type: none"> • Maintain & implement financial policies By-Laws and procedures • Free Basic Services & Indigence Subsidy Support • Tariff • Rates 	<ul style="list-style-type: none"> • Updated & Implemented financial policies, by-laws & procedures • Review financial policies 	<ul style="list-style-type: none"> • By Laws/ Policies in place require proper implementation and monitoring • Capacity building of staff
Free Basic Electricity	<ul style="list-style-type: none"> • Roll out free basic electricity to 7 500 consumers 	<ul style="list-style-type: none"> • Free basic electricity to 7 500 consumers 	
Pre-paid Electricity & prevent theft & meter tampering	<ul style="list-style-type: none"> • Selling & control Pre-paid Electricity • Visit pre-paid electricity meters 	<ul style="list-style-type: none"> • Sell & control pre-paid electricity – generate revenue • Prevent theft of electricity & meter tampering 	<ul style="list-style-type: none"> • Ongoing occurrence - difficult to prevent • Implement fines • Tampering/theft of electricity

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Water & Electricity meters	<ul style="list-style-type: none"> • Monthly reading of water & electricity meters 	<ul style="list-style-type: none"> • Accurate monthly reading of Water & Electricity meters 	<ul style="list-style-type: none"> • 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
Monthly Consumer Accounts	<ul style="list-style-type: none"> • Monthly Billing of correct consumer accounts • Monthly delivery of consumer accounts 	<ul style="list-style-type: none"> • Accurate & correct delivery of monthly consumer accounts 	<ul style="list-style-type: none"> • Unemployment rate – no decrease in debtors
Revenue	<ul style="list-style-type: none"> • Daily receipting of all revenue • Daily banking of all revenue • Secure all revenue collected 	<ul style="list-style-type: none"> • Receipt, bank and secure all revenue 	
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> • Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to revenue collection 	<ul style="list-style-type: none"> • Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> • Capacity Building of staff
Comply with Local Government Municipal Property Rates Act, No 6 of 2004 requirements	<ul style="list-style-type: none"> • Review Rates Policy • Consult community on rates policy • Implement rates policy • Develop & promulgate rates policy by-law • Comply with Municipal Property Rates Act, No 6 of 2004 	<ul style="list-style-type: none"> • Meet Municipal property rates act requirements • Policy developed • By Law developed 	<ul style="list-style-type: none"> • Implementation & Monitoring

Expenditure and Control

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Reconciliation & payment of Creditors	<ul style="list-style-type: none"> Monthly reconciliation & payment of creditors. 	<ul style="list-style-type: none"> Accurate and correct payment of Creditors 	
Control Expenditure	<ul style="list-style-type: none"> Monthly controlling of purchases & expenditure 	<ul style="list-style-type: none"> Effective control over purchases and expenditure 	
Process Payroll	<ul style="list-style-type: none"> Monthly updating, reconciliation and processing of Payroll 	<ul style="list-style-type: none"> Correct processing of Payroll 	
Maintain Existing Loans	<ul style="list-style-type: none"> Maintain & update loans Review & implement loans & Contractual Agreements Policy 	<ul style="list-style-type: none"> Maintained and updated loans Implemented loans & contractual agreements policy 	
Maintain Insurance Portfolio	<ul style="list-style-type: none"> Update & maintain Council's Insurance Portfolio Review & implement Insurance & Assets Management Policy 	<ul style="list-style-type: none"> Updated Insurance Portfolio Implemented Insurance & Asset Management Policy 	
Maintain Investments	<ul style="list-style-type: none"> Monthly updating & maintaining Council's investments Review and implement cash management, investment and banking policy 	<ul style="list-style-type: none"> Monthly updated investments Implemented cash management, investment and banking policy 	
Implement Supply Chain Management	<ul style="list-style-type: none"> Review and implement Supply Chain Management Policy Establish Service Provider database 	<ul style="list-style-type: none"> Implemented Supply Chain Management Policy Established Service Provider Database 	<ul style="list-style-type: none"> Training and support of staff Funding
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> Comply with Municipal Finance Management Act, No 56 of 2003 requirements related to expenditure 	<ul style="list-style-type: none"> Meet Municipal Finance Management Act requirements. 	<ul style="list-style-type: none"> Training and support Funding

Budget and IDP

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Planned Budget Process	<ul style="list-style-type: none"> • Compile & publish Budget & IDP Time schedule • Establish & publish Committees & Consultation forums • Review Budget & IDP Policy 	<ul style="list-style-type: none"> • Planned IDP and Budget process by 30 September 2006 completed 	
Strategized Budget Process	<ul style="list-style-type: none"> • Outreach programme to all 16 wards • Review existing IDP, Service Delivery Agreements, Entities, Organogram, Delegations & Budget-related Policies 	<ul style="list-style-type: none"> • Strategized budget process by 31 December 2006 completed 	
Preparing Budget & supporting documents	<p>Review & prepare draft:</p> <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service Delivery Agreements • Entities • Organogram • Delegations • Budget Related Policies • Operational & Capital Budget • Proposed Rates & Tariffs • Cash Flow Budget • Consult with established committees & forums 	<ul style="list-style-type: none"> • Prepared draft budget & supporting documents by 15 March 2007 completed 	

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Tabling Budget & Supporting Documents	Table draft : <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service delivery agreements • Entities • Organogram • Delegations • Budget-related Policies • Operational & Capital Budget • Proposed rates & tariffs • Cash Flow Budget 	<ul style="list-style-type: none"> • Tabled budget & supporting documents by 31 March 2007 	
Approving Budget & Supporting Documents	Approve : <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Service Delivery Agreements • Entities • Organograms • Delegations • Budget-related policies • Operational & Capital budget • Proposed rates & tariffs • Cash Flow Budget 	<ul style="list-style-type: none"> • Approved budget & supporting documents by 31 May 2007 	<ul style="list-style-type: none"> • Implementation of time schedule depends on support and commitment of politicians and all heads of departments
Finalizing Budget Process	<ul style="list-style-type: none"> • Budget & Supporting documents to: <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Publish & Website • Service Delivery & Budget Implementation Plan (SDBIP) 	<ul style="list-style-type: none"> • Finalized budget process by 30 June 2007 • Table SDBIP by 15 July 2007 	<ul style="list-style-type: none"> • Finalization of personnel budget depends on timely salary negotiations between SALGA/ SAMWU/IMATU
Comply with Municipal Finance Management Act, No 56 of 2003, requirements	Comply with MFMA requirements relating to budget process	<ul style="list-style-type: none"> • Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> • Ongoing process

Accounting and Reporting

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Reconcile and maintain accounting records	<ul style="list-style-type: none"> Daily & monthly updating & maintaining of accounting records 	<ul style="list-style-type: none"> Updated and maintained accounting records 	
Financial Reports as required in terms of Municipal Finance Management Act, No 56 of 2003	MFMA required reporting to: <ul style="list-style-type: none"> National Treasury; Provincial Treasury; Auditor-General Accounting Officer Finance Standing Committee Executive Committee and Municipal Council 	<ul style="list-style-type: none"> Processed financial reports as required by Municipal Finance Management Act, No 56 of 2003. 	
Supporting registers	Monthly reconciliation of supporting registers: <ul style="list-style-type: none"> Funds Loans Assets Banks Investments Debtors Creditors Income & Expenditure 	<ul style="list-style-type: none"> Monthly reconciled supporting registers. Maintenance of registers 	
Annual Financial Statements	<ul style="list-style-type: none"> Compilation of annual financial statements 	<ul style="list-style-type: none"> Compiled 2006 / 2007 Financial Statements by 31 August 2006 	
Compile Annual Report – Department: Budget & Treasury Service	<ul style="list-style-type: none"> Compilation of annual report for department: Budget & Treasury Service 	<ul style="list-style-type: none"> Compiled 2006 / 2007 annual report for Department: Budget & Treasury Service by 31 December 2006 	
Annual audit of financial records	<ul style="list-style-type: none"> Assist Auditor-General with audit of financial records 	<ul style="list-style-type: none"> Audited financial records by 30 November 2006 	

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Comply with Municipal Finance Management Act, No 56 of 2003 requirements	<ul style="list-style-type: none"> Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to Accounting and Reporting 	<ul style="list-style-type: none"> Meet Municipal Finance Management Act requirements 	<ul style="list-style-type: none"> Ongoing process Capacity building of staff
Finance Standing Committee meetings	<ul style="list-style-type: none"> Monthly Finance Standing Committee Meetings 	<ul style="list-style-type: none"> Monthly Finance Standing Committee Meetings 	<ul style="list-style-type: none"> Attendance
Budget & Treasury staff meetings	<ul style="list-style-type: none"> Budget & Treasury staff meetings 	<ul style="list-style-type: none"> Budget & Treasury staff meetings 	<ul style="list-style-type: none"> Commitment & attendance
Require Budget & Treasury Officer	<ul style="list-style-type: none"> Advertise post of skilled Budget & Treasury Officer 	<ul style="list-style-type: none"> Skilled Budget & Treasury Officer by 30 December 2007 	

Assets and Stores

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Comprehensive Assets Register	<ul style="list-style-type: none"> • Recording & marking (Bar-coding) of all assets • Compile and approval of asset management and insurance policy • Compiling, updating and maintaining a comprehensive assets register 	<ul style="list-style-type: none"> • Effective computerized marking & recording of all movable assets by 31 March 2007 • Effective Asset Management and Insurance Policy by 31 March 2007 • Comprehensive assets register by 30 June 2007 	<ul style="list-style-type: none"> • Capacity Building training and support of staff • Input from <u>all</u> HOD's
Inventory Lists of loose assets	<ul style="list-style-type: none"> • Compiling, updating & maintaining of inventories 	<ul style="list-style-type: none"> • All loose assets accounted for in departmental inventory lists 	<ul style="list-style-type: none"> • Maintenance of Assets for inventory list
Re-value assets	<ul style="list-style-type: none"> • Revalue all assets 	<ul style="list-style-type: none"> • All assets re-valued by 30 June 2007 	<ul style="list-style-type: none"> • Value of assets
Annual stocktakings	<ul style="list-style-type: none"> • Conduct annual stock-takings 	<ul style="list-style-type: none"> • Verified stock lists and assets register 	<ul style="list-style-type: none"> • Verified stock

Motor Vehicle Licensing

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Motor Vehicle Registration Facilities operational	<ul style="list-style-type: none"> • Available Motor Vehicle Registration facilities • Available Grade A Traffic Test Station • Available Grade A Traffic Test Station • Trained personnel to operate facilities 	<ul style="list-style-type: none"> • Motor vehicle registration facilities in Barkly East & Lady Grey operational • Traffic Test Station in Barkly East operational • Trained personnel 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
e-NaTIS Motor Vehicle Registration facility at Sterkspruit	<ul style="list-style-type: none"> • Available motor vehicle registration facility in Sterkspruit 	<ul style="list-style-type: none"> • Motor vehicle registration facility & driving license testing centre in Sterkspruit by 30 June 2007. 	<ul style="list-style-type: none"> • Approval Department of Transport

3.
HUMAN RESOURCES
AND
OTHER
ORGANISATIONAL
MANAGEMENT

3. **EXISTING AND NEW DELIVERY MECHANISMS**

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

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

Included in this area are the farms and villages of the magisterial districts of Barkly East; Lady Grey, Herschel, Rossouw, Sterkspruit Herschel, Rhodes and portions of Wodehouse (Dordrecht) and Indwe.

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

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

Governance;
Institutional development;
Transformation: and
Change Management,

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

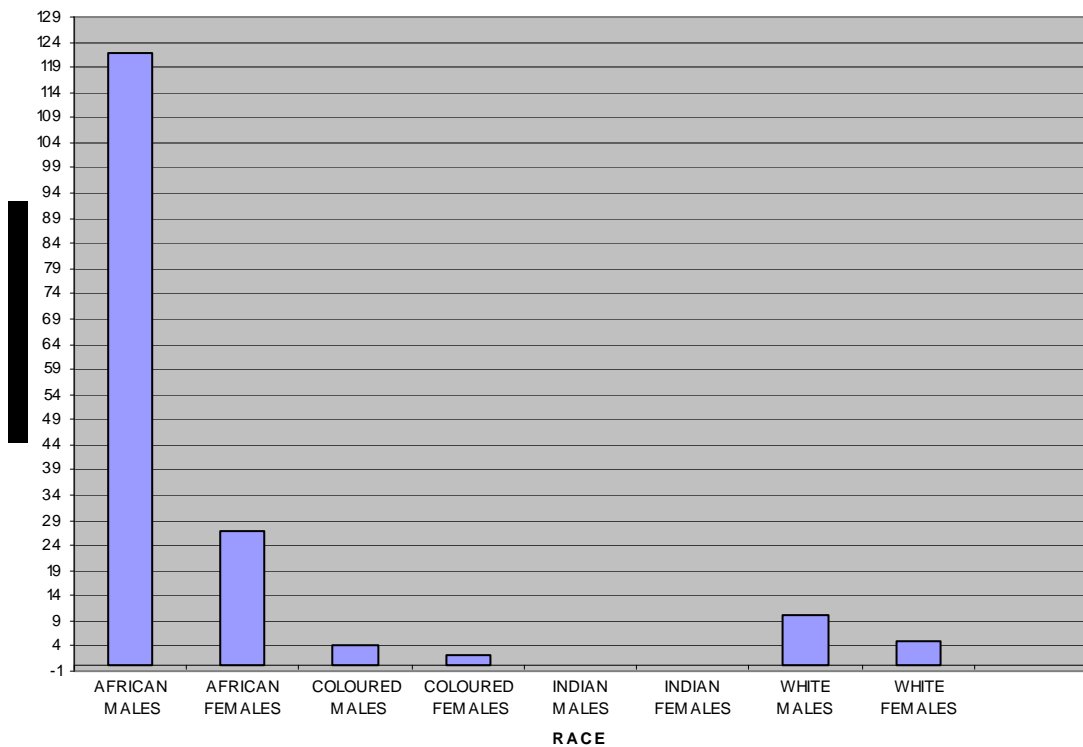
3.1. Institutional Development

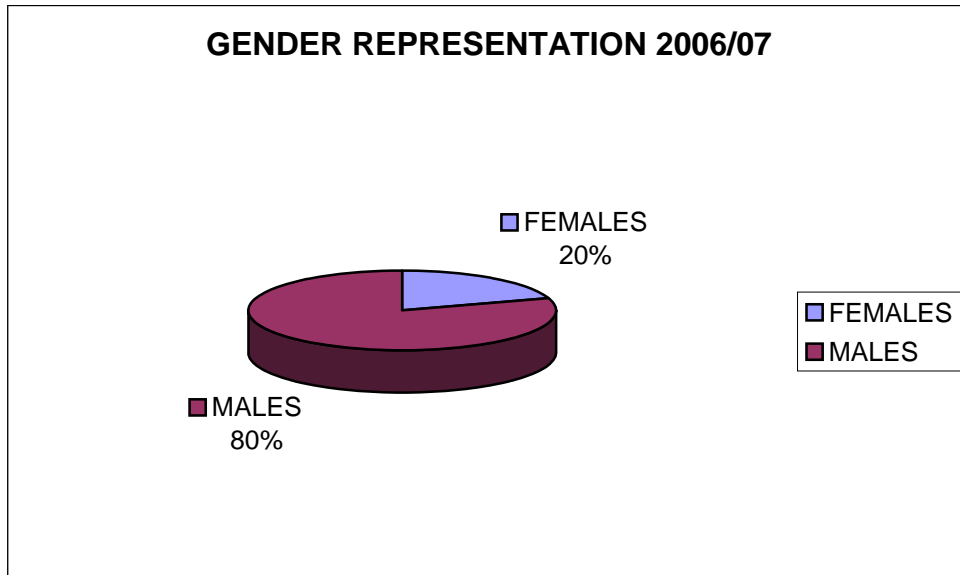
3.1(a) Senqu Municipality has an overall staff complement of 170 employees, which are broken down as follows :

GENDER / RACE ANALYSIS OF FILLED POSTS

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

RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY





3.1(b) Organisation Structure

The organogram for Senqu Municipality is in place and to date 62% of the posts are occupied. The municipality has an overall staff complement of 442 posts of which 104 relate to the Water Services Authority (WSA) functions that will be transferred to the Ukhahlamba District Municipality once required agreements have been finalized. An analysis of post during the year under review are broken down as follows:

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

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

3.1(c) Job Evaluation

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

3.2. GOVERNANCE

3.2(a) The Municipality has submitted reviewed a file management plan to Provincial archives for approval. This has been provided electronically and we now await their formal approval. Plans are in place to introduce an electronic document management system.

The records management function currently conforms to the Standards set by the Archives Act.

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

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

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

A Remuneration Committee has been elected by Council and constitutes :

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

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

3.2(b) Policies Adopted

- Remuneration Policy according to SALGA guidelines
- Fraud Prevention Policy and thorough analysis to determine risks overall.
- Free Basic Services and Indigent Subsidy Support Policy
- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and Rates Policy.

3.2(c) Internal Audit

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

3.2(d) Register of Interest

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

3.2(e) Human Resources

Procedures were developed and formal training provided to relevant. The implementation phase requires to be monitored by management.

3.3. TRANSFORMATION AND CHANGE MANAGEMENT

3.3(a) Performance Management

The Performance Management System has been effected for top management (s57`s). During 2005/2006 it was introduced to middle management, this has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during 2006/2007 financial year.

This performance management system (implemented at s57 Manager level) has ensured that service delivery was implemented based on targeted dates that were approved by Council.

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

Individual performance assessments for the individual s57 managers have been completed by an independent Committee, which was constituted by executive committee members and independent consultants

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee (in order to comply with the spirit of Corporate Governance and regulation 14(1)(a)). The performance reviews of the s57 managers are being performed annually and not quarterly as intended. The Municipality are currently not complying with regulation 28(1) as detailed in the Audit Report of the Auditor General.

The reports are submitted to Council to assist Council to evaluate performance and to make the necessary interventions when these are identified.

3.3(b) Skills Development

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

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

In addition to skills development Senqu Municipality have introduced an internship programme in order to alleviate the negative impact that skills shortages have on the recruitment and the subsequent placement of suitably qualified persons. This also has an impact on the operational functioning of the organisation, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted in the IDP.

With funding received from National Treasury one intern was appointed in November 2006 and is currently undergoing In-Service Training in the Department: Budget & Treasury Services.

The internship programme is a process of empowering and capacitating future employed staff. Identified students/ graduates from recognised institutions, where engaged to work for the Budget & Treasury Department, for a set term of three months.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimised.

3.3(c) Occupational Health & Safety

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

4.

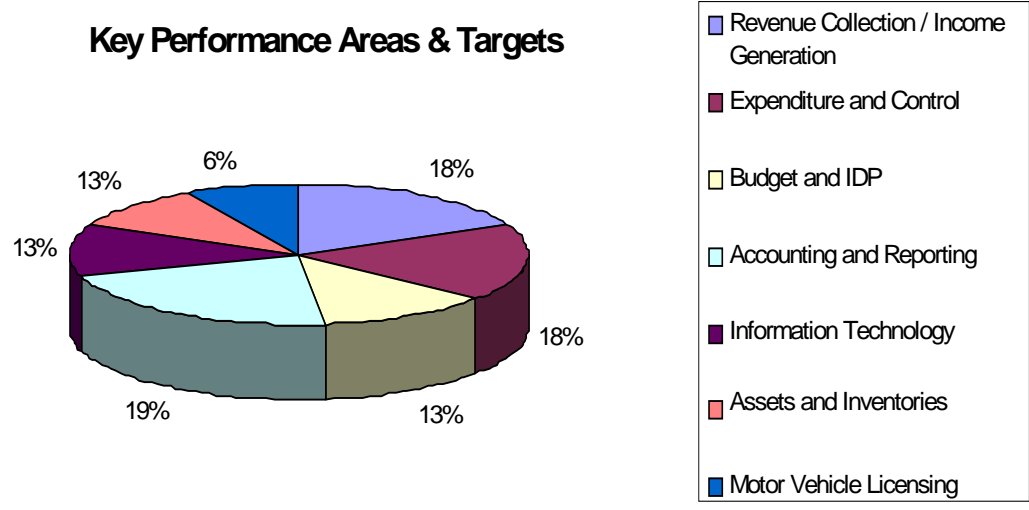
**BUDGET & TREASURY AND RELATED
FINANCIAL INFORMATION**

AUDITED FINANCIAL STATEMENTS

**ANNUAL REPORT
BUDGET & TREASURY OFFICE
30 JUNE 2007**

1. Key Result Areas / Key Performance Indicators and Targets

With this dedicated staff component the following functions (Key Performance Indicators and Targets) were set, performed and maintained with great success during the 2006/07 financial year :



2. 2006 / 2007 BUDGET

2.1. 2006 / 2007 Budget Report

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

2.1.2. Capital Expenditure (Table 2 – Capital Programme)

Council's MIG (Municipal Infrastructure Grant) allocation has been drastically reduced from the anticipated R13 512 000 to a mere R7 328 000 for the 2006/2007-budget year. This has left Council with no other option but to utilize some of its cash-backed surplus funds to ensure that service delivery continue without interruption. The MIG allocation of R7 554 000 (municipal financial year) would be used to finance existing MIG projects:

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

It is anticipated that R12 471 176 (R16 450 – Department Health; R2 200 726 – Water Service Authority; R3 304 000 – Revenue and R6 950 000 – Surplus Funds) from Council's Operational Budget would go towards capital projects. It would amongst others be used to finance the following capital expenditure:

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

It is anticipated that the remainder of the R40 040 213 capital budget, R20 381 437 would go towards existing housing projects.

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

2.1.2.1. Operational expenditure (Table 1)

There is a need to highlight the following in Council's Operational Budget:

- Councillors remuneration amounts to R5 401 100 of which R1 356 800 is financed by a special allocation to be received from the national government;
- Personnel costs vs. total operational expenditure once agency functions like water, sanitation and health have been excluded are 35.25%. It was unavoidable but to provide for an additional 16 posts to be filled during the 2006/07 budget year;
- Amongst others the following expenditure was provided for:

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

- R6 178 345 would go directly to provide services to the poorest of the poor as per Council Free Basic Service and Indigent Subsidy Support Policy;
- Funding to repair the following bridges was provided for:

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

2.1.2.2. Rates and Tariffs

Many hours and long debates within the budget executive and budget technical committees has resulted in probably the most transparent and fair budget-related policies that this Council has seen. During the consultation meetings held on Council's new rates policy as required in terms of the new Municipal Property Rates Act, No 6 of 2004.

Community participation exceeded all expectations. One can proudly say Council's policies are the community's policies.

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

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

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

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

2.1.2.3. Conclusion

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

- Only one submission – Senqu Tourism – was received and after consideration an additional amount of R100 000 was allocated to tourism;
- No allocations were received from Ukhahlamba District Municipality;
- Although not yet gazetted the following allocations were made by the Provincial Government:

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

- National Government allocations have been gazetted and stayed unchanged:

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

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

2.1.3. Budget-Related Resolutions

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

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

Operating revenue by source reflected in Schedule 1;
 Operating expenditure by vote reflected in Schedule 2;
 Operating expenditure by GFS classification reflected in Schedule 2 (a);
 Capital expenditure by vote reflected in Schedule 3;
 Capital expenditure by GFS classification reflected in Schedule 3 (a); and
 Capital funding by source reflected in Schedule 4.

2. Council resolves that property rates and any other municipal tax reflected in Council's Tariff are imposed for the budget year 2006/07.
3. Council resolves that tariffs and charges reflected in Council's Tariff Structure are approved for the budget year 2006/07.
4. Council resolves to adopt the amended Integrated Development Plan
5. Council resolves that the amended policies for credit control, debt collection and indigents are approved for the budget year 2006/07.
6. Council resolves that the other amended budget-related policies are approved for the budget year 2006/07.

7. Council notes that the SDBIP (Service Delivery and Budget Implementation Plan), including the measurable performance objectives for revenue and for each vote would be tabled before the 30th June 2006.

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

2.1.4. The Budget

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

2.1.4.1. Executive Summary

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

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

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

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2005/2006 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;

- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritize community needs in the IDP.

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

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

2.1.4.2. Budget Schedules

Schedule 1 – Revenue by source

Council's realistic anticipated revenue of R64 288 508, of which the Government grants and subsidies amounts to R28 744 635, is set out on Schedule 1.

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

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

Detail of this budgeted expenditure of R64 210 403 is reflected on Table 1 and Table 1 (a).

Schedule 3 – Capital expenditure by vote

Schedule 3 (a) – Capital expenditure by GFS classification

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

Schedule 4 – Capital funding by source

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

2.1.4.3. Budget Related Charts and Explanatory Notes

Table 1 – An analysis of the Operating expenditure

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

Table 1 (a) Page 2 – Revenue by vote

Table 2 – Detailed Capital Programme

2.1.5. Supporting Documentation

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

2.1.5.1. Budget Process Overview

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

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

The Schedule of Key Deadlines issued by National Treasury was also used as guideline for its own Schedule of Key Deadlines, which takes effect once Council has approved it during August. A summarized version thereof is then advertised in the local newspapers and placed on Council's web-site. Interest groups and stakeholders are annually invited to register and from part of Council's Local Budget Consultation Forum.

2.1.5.2. Alignment of Budget with Integrated Development Plan

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

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

Table 3 – Reconciliation of IDP and Budget – Revenue;
Table 4 – Reconciliation of IDP and Budget – OPEX (Operational Expenditure);
Table 5 – Reconciliation of IDP and Budget – CAPEX (Capital Expenditure).

2.1.5.3. Budget Related Policies Overview and Amendments

Council's budget related policies are :

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

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

2.1.5.4. Funding the Budget

Council's MIG (Municipal Infrastructure Grant) allocation has been drastically reduced from the anticipated R13 512 000 to a mere R7 328 000 for the 2006/07 budget year. This has left Council with no other option to utilize some of its cash-backed surplus funds to ensure service delivery continue without interruption. It is anticipated that R12 471 176 (R16 450 – Department Health; R2 200 726 – Water Service Authority; R3 304 000 – Revenue and R6 950 000 – Surplus Funds) from Council's operational budget would go towards capital projects, whilst the remainder of the R40 040 213 capital budget, R20 381 437 would go towards existing housing projects. Detail thereof is reflected on Schedule 4 and Table 2.

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

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

2.1.5.5. Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements:

Belstow Traffic Solutions – Municipal contribution – R Nil;	Traffic Law Enforcement –
ESKOM – East – Municipal contribution – R Nil;	Bulk Electricity Supply to the town of Barkly
ESKOM – Municipal contribution – R Nil;	Bulk Electricity Supply to the town of Lady Grey –
ESKOM – – Municipal contribution – R Nil;	Bulk Electricity Supply to the town of Sterkspruit
Electoral Commission – Municipal contribution – R Nil;	Establishment of Electoral Unit –
ESKOM – Municipal contribution – R Nil;	Free Basic Electricity to Rural consumers –
Department of Transport – Municipal contribution – R Nil;	Registration and Licensing of motor vehicles –
Department of Health – Municipal contribution – R Nil;	Primary Health Care –
Ukhahlamba District Municipality – Municipal contribution – R Nil;	Establishment of Senqu Tourism Office –
Senqu Tourism – Municipal contribution – R 500 000;	Tourism function –
Water Service Authority (Ukhahlamba district municipality) – contribution – R Nil;	Water and Sanitation Services – Municipal
Development Bank of South Africa – Municipal contribution – R Nil;	Local Government Network –
BERTA – Municipal contribution – R Nil	Management Barkly East Caravan Park –

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

2.2.1. Review Process

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

2.2.2. 2005 / 2006 Priority Issue Areas

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

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

2.2.3. Strategic Development Objectives

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

Objectives	Strategies
To ensure that more than 15 000 inhabitants have access to formal housing by end of December 2014.	<ul style="list-style-type: none"> > Registration of housing applications > Utilization of government housing programmes > Lobby Department of Land Affairs for access to land > Coordinated service provision > Ensure correct town planning and zoning procedures are followed > Ensure sole security of tenure > Establishment of Housing Sector Plan
To ensure that all towns have access to registered solid waste sites by end December 2010.	<ul style="list-style-type: none"> > Establish registered solid waste sites. > Develop solid waste management plan.
To increase access to health services to all residents by the end of December 2014.	<ul style="list-style-type: none"> > Lobby District municipality and Department of Health to improve health facilities. > Engage the Provincial Government on the Provincial hospitals > Aids education in schools is improved through agreements with the Departments of Education and Health > Aids education is also provided for people not at school through the use of trained and qualified local AIDS counsellors > Establish basic services and infrastructure
To improve communications with all stakeholders	<ul style="list-style-type: none"> > Access to information > Institute systems to improve communication with institutions > Intergovernmental Forum > Establish communications strategy
To increase the revenue base of the municipality by at least 3% per annum.	<ul style="list-style-type: none"> > Revise the current tariff structure > Identify and diversify sources of revenue > Comprehensive Valuation Roll > Comprehensive data base > Increase service delivery > Pre-paid electricity systems > Implementation of the Municipal Finance Management Act
To develop a Disaster Management Programme by the end of June 2005.	<ul style="list-style-type: none"> > Lobby Ukhahlamba district municipality. > Compile a local disaster management plan.
To integrate existing by-laws and develop new by-laws by end of June 2005.	<ul style="list-style-type: none"> > Update by-laws on regular basis
To improve community lighting in all towns and identify areas for installation by 2008.	<ul style="list-style-type: none"> > Installation of streetlights in towns > Installation of community lighting in villages on a phased approach > Liaise with ESKOM
To improve institutional capacity.	<ul style="list-style-type: none"> > Human Resource Development Strategy > Implementation and compliance with all Local Government Legislation > Improve administrative capacity
To ensure Consultative community participation	<ul style="list-style-type: none"> > Outreach Programme > Comply with all Local Government Legislation > Attendance of Council, Budget and IDP meetings
To improve access to community facilities by 2014	<ul style="list-style-type: none"> > Construction of community halls > Construction of shearing sheds > Construction and rehabilitation of sports grounds > Construction of clinics
To ensure appropriate office space by the end of June 2007	<ul style="list-style-type: none"> > Extension of Municipal Offices

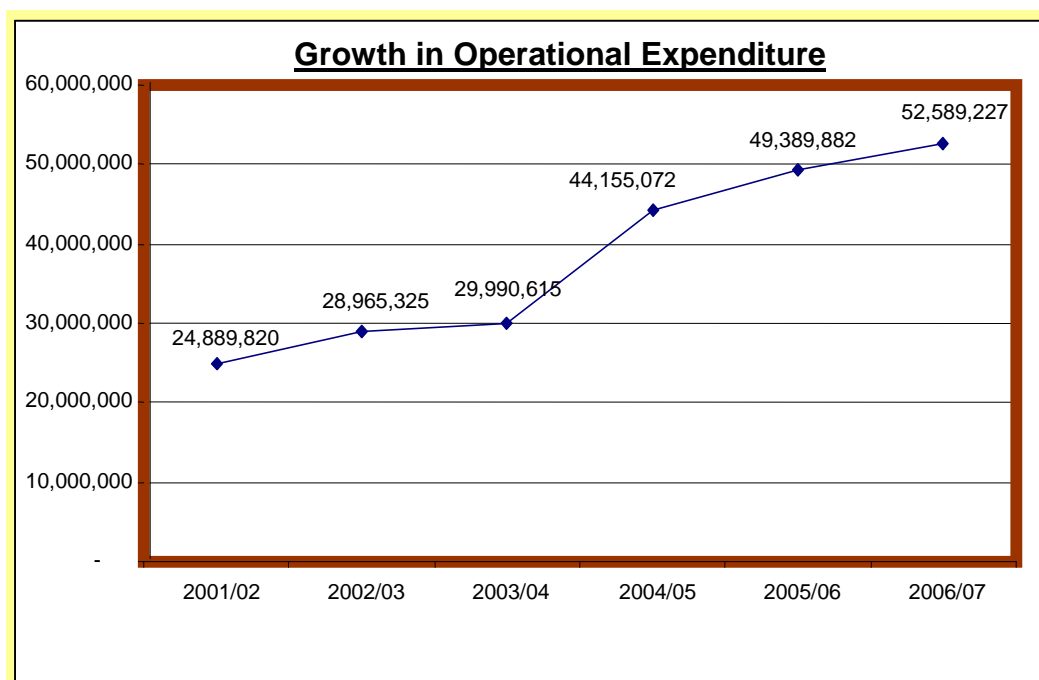
2.3. Operational Expenditure

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

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

Growth in Operational Expenditure

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

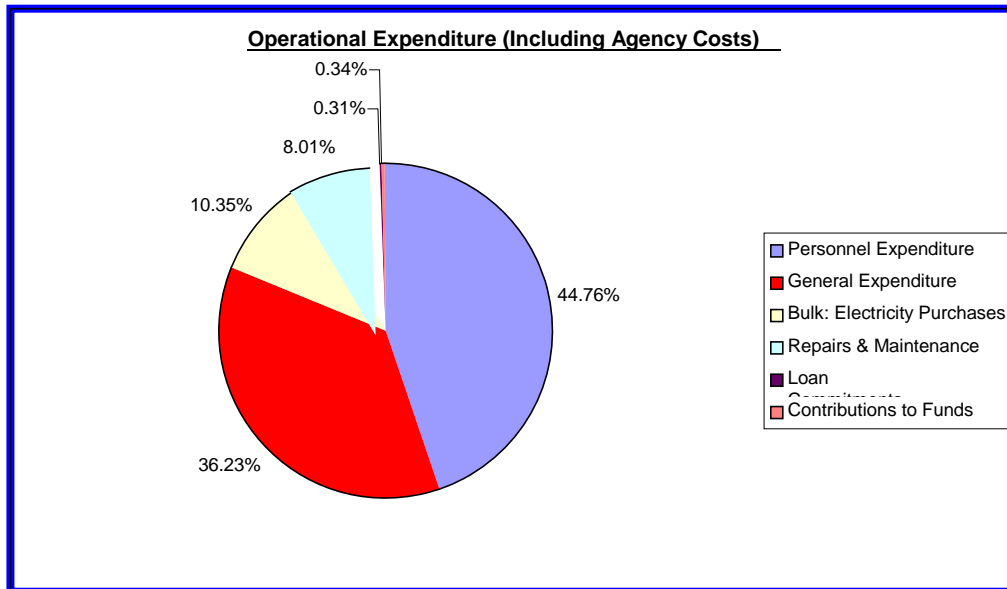


Operational Expenditure Analysis (Including Agency Functions):

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

Operational Expenditure Analysis (Excluding Agency Functions):

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



2.3.1. Personnel Expenditure

Although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate within the norm of 30.0 - 35.0% set by the National Treasury, Department of Provincial and Local Government and SALGA by reducing the current personnel expenditure of **44.76%**. If personnel expenditure of the agency services are excluded the personnel expenditure is only **42.86%**. Comparative figures of the previous year are 42.42% and 37.98%. The slight increase is due to the establishment of the project management unit (PMU) for MIG projects. The amount of **R 23 538 168** budgeted for personnel expenditure is **34.49%** (R6 036 578) more than the previous year.

2.3.2. General Expenditure

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

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

Project	Amount	Funding
Establishment of Ward Committees	50 000	Provincial Allocation
Performance Management System	130 000	Provincial Allocation (70 000) 2005/06 MSP Allocation (60 000)
Performance Agreements	110 000	Provincial Allocation
Town Register & Title Deeds	350 000	Trust Fund Allocation
Sterkspruit Land Audit	60 000	2005/06 Provincial Allocation
Surveying Voyizana	200 000	2005/06 Provincial Allocation

Driver License Training Centre in Sterkspruit	100 000	Trust Fund Allocation
Repairs to Bridges	1 700 000	Revenue
Roads Equipment	2 000 000	Revenue
Rossouw Agricultural Project	350 000	Trust Fund Allocation
Barkly East Disabled Project	50 000	2004/05/06 Provincial Allocation
Project	Amount	Funding
Lady Grey LED Project	350 000	2004/05 National Allocation
Agricultural Projects on Commonages & Rural Areas	200 000	Revenue
LED Strategy	280 000	Revenue
LED Youth	200 000	Revenue
Brick Making Project	300 000	2005/06 DEAT Allocation
Tourism	500 000	Revenue
Free Basic Services	4 558 285	Revenue

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2005/2006 financial year and ESKOM was requested to make this available to all consumers currently using 20 Amp or smaller meters. **R1 620 060** of Council's equitable share allocation has been earmarked for this project that would now be rolled out to Transwilger in Lady Grey and Nkululeko in Barkly East. This programme would be extended during the 2007 / 2008 financial year.

2.3.3. Repairs & Maintenance

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

2.3.4. Capital charges / loan commitments

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

2.3.5. Contributions to Capital Outlay

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

2.3.6. Contributions to Funds

Apart from council's statutory obligation of **R90 000** towards the Revolving Fund, contributions would also be made to :

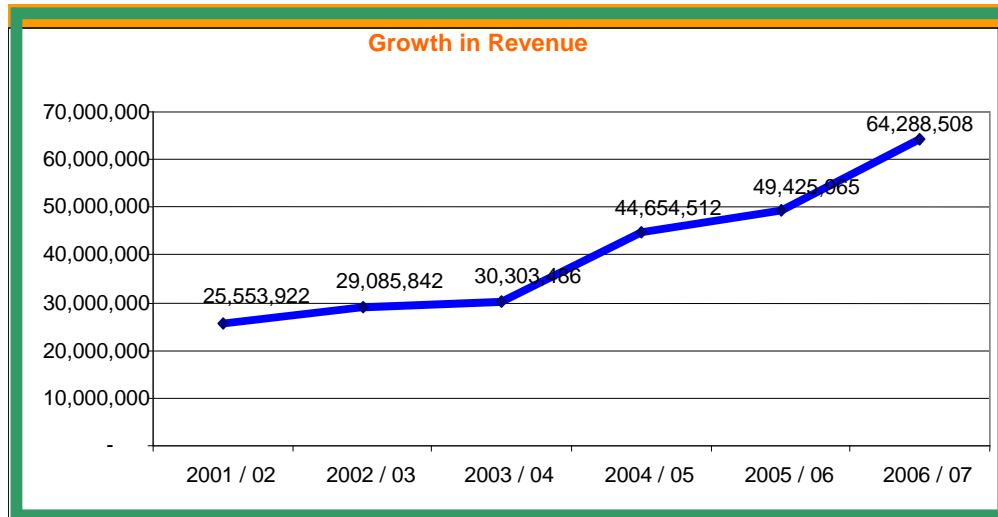
- **R 90 000** to Council's Leave Reserve Fund.

2.4. Operational Income

The realistic anticipated revenue of **R 64 288 508** is **30.07%** (R 14 862 543) more than the previous financial year and resulted in an estimated surplus of R78 105. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

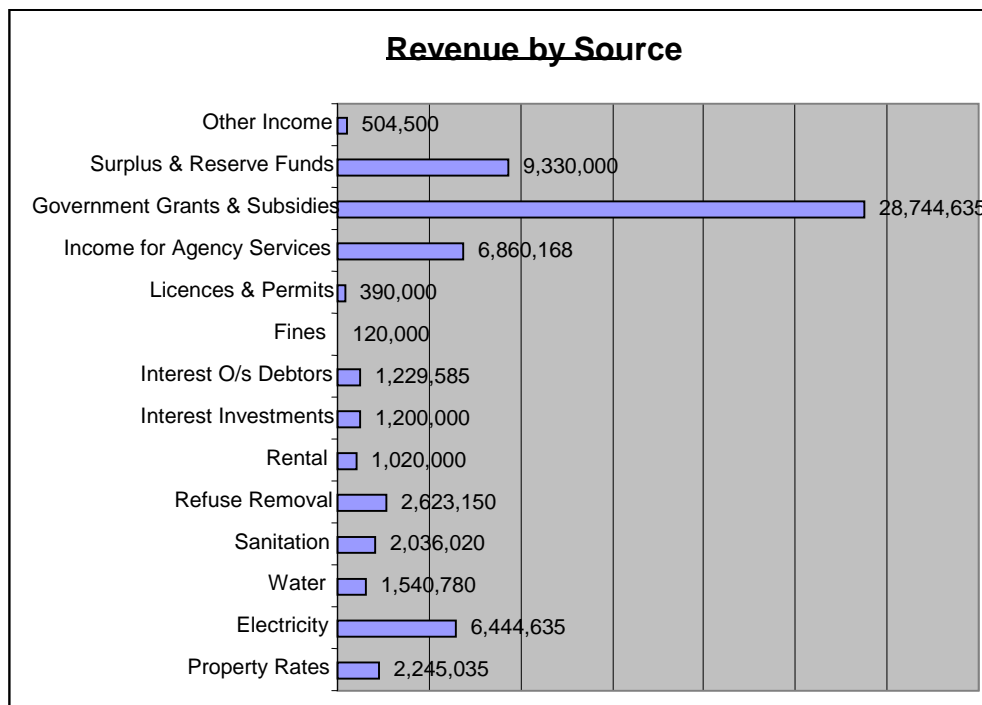
Growth in Operational Income

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



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

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



2.4.1. Equitable Share

Council's Equitable share allocation was increased by **16.70%** (R 3 956 877) from **R 23 692 758** to **R 27 649 635**, which include **R1 356 800** as a contribution to the increase in Councillor's remuneration and remains Council's major source of income.

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

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

Growth in Equitable share allocation:

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

2.4.2. Other external income / grants / allocations

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

National Government

- **R500 000** for the implementation of the Municipal Finance Management Act;
- **R365 000** for the establishment of a MIG Project Management Unit.

Provincial Government

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

District Municipality

- **R6 305 220** for rendering auxiliary support services for water and sanitation.

2.4.3. Own income

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

2.4.4. Operational Income analysis

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

2.5. Water Service Authority (WSA)

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

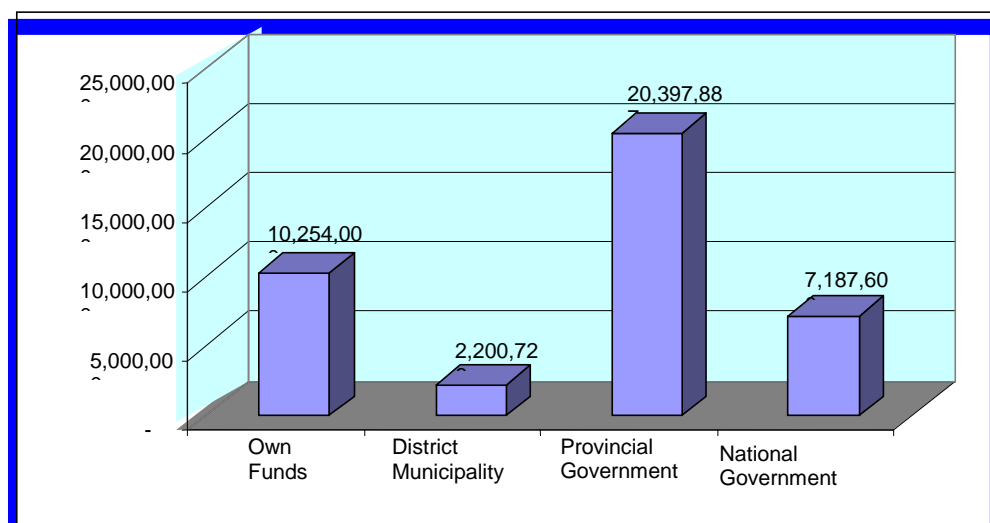
It is believed that a service delivery agreement between the WSA: Ukhahlamba district municipality and WSP (Water Service Provider): Senqu municipality would be finalized and signed during the 2006 / 07 financial year. Currently the status quo remains and the rendering of these services continues uninterrupted.

2.6. 2005 / 2006 Capital Budget

Council's three-year capital programme:

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

The R 40 040 213 are funded as follows:



3. 2006 / 07 FINANCIAL RESULTS

3.1. 2006 / 07 Financial Statements

The Annual Financial Statements for the period ended 30 June 2007 was compiled and submitted to the Municipal Manager on 24 August 2007, where after it was reviewed in terms of section 166(2)(b) by the audit committee. On 25 September 2007 the statements was presented to, discussed and approved by the municipal council of Senqu Municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

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

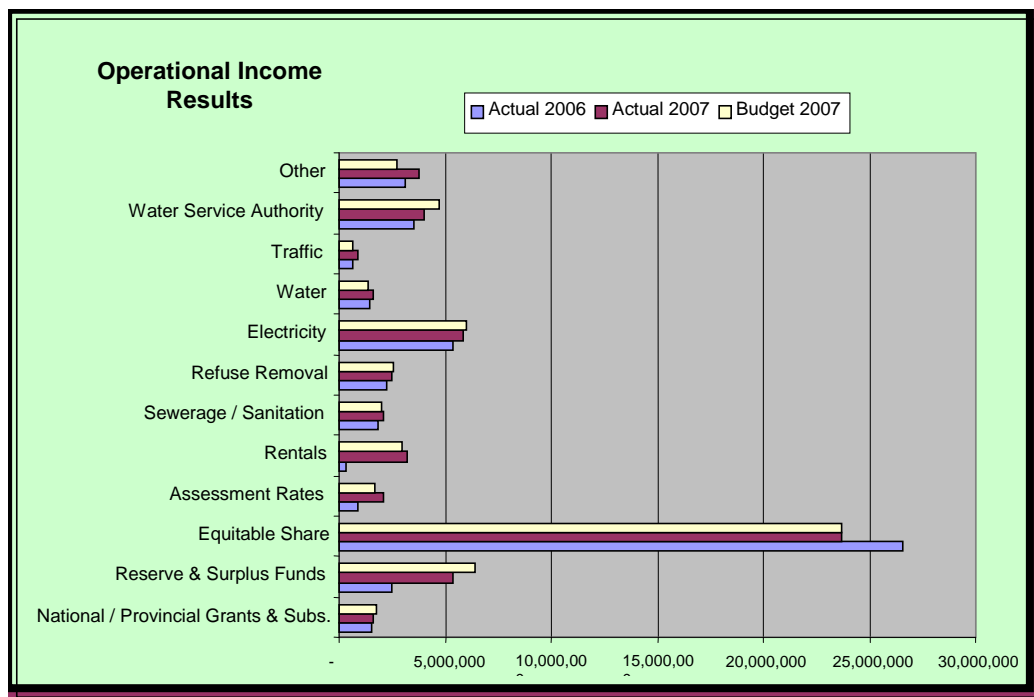
3.2. Operational results

	2007	2006	Variance	2007 Budget	Variance Actual/ Budget
INCOME					
Opening Surplus	33 940 225	27 457 950			
Operating Income for the Year	62 401 593	56 600 900	10.25%	65 425 104	4.62%
Sundry Transfers	(5 794 969)	335 694			
Closing Deficit	0	0			
	90 546 849	84 394 544			

EXPENDITURE					
Opening Deficit	0	0			
Operating Expenditure for Year	55 140 115	50 454 319	9.29%	65 425 104	(15.72%)
Sundry Transfers	0	0			
Closing Surplus	35 406 734	33 940 225			
	90 546 849	84 394 544			

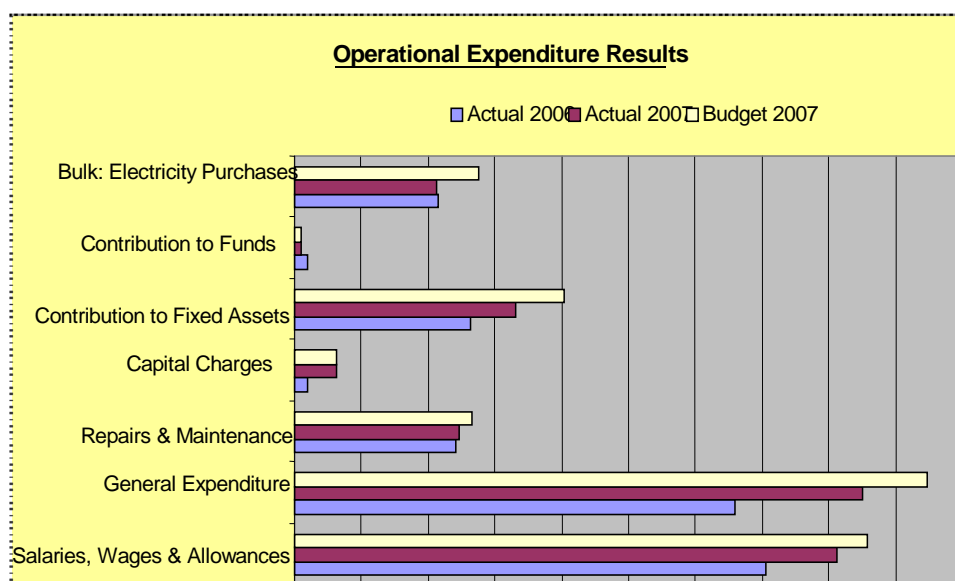
3.2.1. Operating income results

Actual 2006 R	Income Source	Actual 2007 R	Budget 2007 R	Actual as % of Budget	Actual as % of Total Income
1 630 941	National / Provincial Grants & Subsidies	1 130 884	2 293 078	49.32%	1.81%
5 365 750	Reserve & Surplus Funds	6 646 096	10 196 698	65.18%	10.65%
23 692 758	Equitable Share	27 649 635	27 649 635	100.00%	44.31%
2 089 801	Assessment Rates	2 374 830	2 245 035	105.78%	3.81%
3 234 906	Rentals	1 384 330	1 120 000	123.60%	2.22%
2 048 102	Sewerage / Sanitation	2 328 759	2 036 020	114.38%	3.73%
2 465 068	Refuse Removal	2 544 185	2 623 150	96.99%	4.08%
5 859 751	Electricity	6 594 216	6 448 635	102.26%	10.57%
1 598 754	Water	1 700 710	1 540 780	110.38%	2.73%
899 342	Traffic	1 478 181	664 655	222.49%	2.37%
3 964 012	Water Service Authority	4 107 121	6 305 220	65.14%	6.58%
3 751 715	Other	4 462 646	2 302 198	193.84%	7.15%
56 600 900		62 401 593	65 425 104	95.38%	100.00%



3.2.2. Operating expenditure results

Actual 2006 R	Expenditure	Actual 2007 R	Budget 2007 R	Actual as % of Budget	Actual as % of Total Expenditure
16 248 946	Salaries, Wages & Allowances	24 630 171	25 236 973	97.60%	44.67%
17 008 854	General Expenditure	15 954 160	21 122 173	75.53%	28.93%
4 910 964	Repairs & Maintenance	3 348 098	4 098 019	81.70%	6.07%
1 238 576	Capital Charges	140 617	163 020	86.26%	0.26%
6 599 545	Contribution to Fixed Assets	6 185 732	9 390 619	65.87%	11.22%
184 398	Contribution to Funds	156 735	0	100.00%+	0.28%
4 263 036	Bulk : Electricity Purchases	4 724 602	5 414 300	87.26%	8.57%
50 454 319	Gross Expenditure	55 140 115	65 425 104	84.28%	100.00%
3 964 012	Less: Amounts charged out	0	0	0	
46 490 307	Net Expenditure	55 140 115	65 425 104	84.28%	100.00%



3.3. Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to **R 12 287 018**; 10.61% less than the previous years expenditure of R13 745 773. The actual expenditure is 74.12% of what was budgeted for (R16 578 219) and consists of the following:

		2006 / 07	2005 / 06	2004 / 05
Land & Buildings	Land	24 334	0	0
	Buildings	2 469 254	0	0
Infrastructure Assets	Electricity	0	484 277	128 893
	Roads, Streets and Storm Water	3 812 629	4 922 412	11 081 630
	Sewerage & Solid Waste	0	1 401 760	3 208 577
	Water	0	0	748 044
Community Assets	Buildings	3 583 808	2 898 364	3 747 847
Other Assets	Buildings	0	515 651	649 497
	Office Equipment	261 470	165 136	92 412
	Furniture and Fittings	80 569	84 866	69 214
	Bins & Containers	0	18 625	0
	Motor Vehicles	1 051 525	512 089	617 466
	Plant and Equipment	1 003 429	2 742 593	837 344
		12 287 018	13 745 773	21 180 924

Resources utilized to finance these fixed assets were as follows:

	2006 / 07	2005 / 06	2004 / 05
Municipal Infrastructure Grant (MIG / CMIP)	6 101 286	7 606 658	15 469 960
Trust and Reserve Funds	0	0	459 553
Operational Expenditure	6 185 732	6 139 115	5 251 411
	12 287 018	13 745 773	21 180 924

R7 615 949 of the budgeted R20 381 437 (37.3%) was spent on three housing projects currently in progress. All three projects are financed by the Department of Housing, Local Government and Traditional Affairs.

An outstanding external loan amounting to **R465 156** taken up to finance the sewerage reticulation was duly transferred to the Water Service Authority (Ukhahlamba District Municipality).

3.4. Funds and reserves

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

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

• Statutory funds	Revolving Fund	156 735
• Trust funds	Ward Committee Establishment	50 000
	Performance Agreements	110 000
	Performance Management System	70 000
	Holo Hlahatsi Agricultural Project	400 000
	Commonage Management	112 500
	Libraries	132 500
	People's Housing (Lady Grey)	2 713 848
	Municipal Finance Management	500 000
	Hillside Housing	2 065 773
	Municipal Infrastructure Grant	8 084 739
	Herschel People's Housing	2 461 783

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

3.4.1. Intergovernmental grants (National)

Allocation	1 Apr 2006 to 30 Jun 2006	1 Jul 2006 to 30 Sep 2006	1 Oct 2006 to 31 Dec 2006	1 Jan 2007 to 31 Mar 2007	1 Apr 2007 to 30 Jun 2007
Equitable Share					
Received	0	9 218 388	5 555 609	11 518 838	0
Spent	0	6 913 791	4 444 487	9 791 012	5 143 545
Municipal Finance Management					
Received	0	500 000	0	0	0
Spent	23 375	30 000	30 000	140 108	30 000
Municipal Infrastructure Grant					
Received	299 527	1 633 200	2 584 289	1 967 250	1 900 000
Spent	1 707 719	979 920	1 550 573	2 350 700	1 140 000

3.4.2. Intergovernmental grants (Provincial)

Allocation	1 Apr 2006 to 30 Jun 2006	1 Jul 2006 to 30 Sep 2006	1 Oct 2006 to 31 Dec 2006	1 Jan 2007 to 31 Mar 2007	1 Apr 2007 to 30 Jun 2007
Ward Committee Establishment					
Received	0	0	50 000	0	0
Spent	0	0	0	50 000	0
Performance Agreements					
Received	0	0	110 000	0	0
Spent	0	0	0	0	24 005
Performance Management System					
Received	0	0	70 000	0	0
Spent	0	0	0	70 000	0

3.5.2. Long-term debtors

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

Debtor	Purpose	Outstanding as at 30 June 2007	Outstanding as at 30 June 2006	Outstanding as at 30 June 2005
M M Yawa	Motor Vehicle	0	11 389.24	54 742.27
C R Venter	Motor Vehicle	0	25 424.21	61 113.85
Z A Williams	Motor Vehicle	0	28 380.52	63 675.17
Z I Dumzela	Motor Vehicle	0	15 267.85	34 255.37
J van Rensburg	Housing	71 720.94	82 960.49	93 134.68
M M Yawa	Housing	0	36 504.69	66 878.98
R N Crozier	Motor Vehicle	0	57 975.87	97 587.28
Z A Williams	Housing	0	50 322.16	81 803.46
Z I Dumzela	Housing	0	0	27 030.43
P G du Toit	Motor Vehicle	0	0	107 047.72
TOTAL		71 720.94	308.225.03	687 269.21

It is anticipated that R12 416.47 of this loan would be recovered during the 2007/08 financial year, whilst R6 613.25 would be paid in interest.

3.5.3. Trade debtors

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

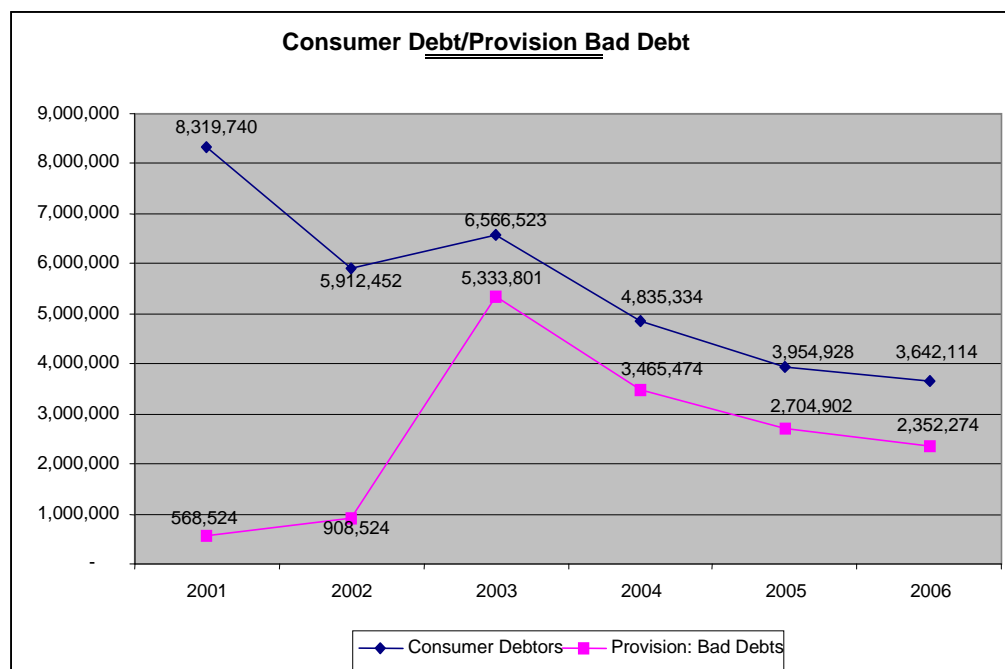
Debtor	Purpose	Amount
South African Revenue Services	Value Added Tax	2 122 574.05
Gariep Municipality	Advance	690 000.00
Ukhahlamba District Municipality	WSA Services rendered	4 107 121.32
TOTAL		6 919 695.37

3.5.4. Consumer debtors

Council's outstanding consumer debtors have again increased by **27.50%** (R 1 001 620.47) from R 3 642 114,50 to **R 4 643 734.97** during this financial year and the age-analysis thereof are as follows:

Service	Balance at 30 June 2006	Current	30 days+	60 days +	90 days +	120 days+
Water	735 713.82	90 386.11	43 801.16	23 262.26	48 944.84	529 319.45
Electricity	943 859.84	670 347.94	169 837.56	23 4425.02	15 757.27	64 492.05
Miscellaneous	6 160.00	820.00	820.00	770.00	1 000.00	2 750.00
Sewerage	776 188.48	117 051.60	55 459.77	28 291.15	44 305.16	531 080.80
Refuse removal	853 740.92	105 635.90	53 341.05	29 787.52	52 244.32	612 732.13
Rates	1 207 099.19	27 940.85	47 166.00	44 008.99	84 191.16	1 003 792.19
Rentals	120 945.51	12 341.80	12 952.70	10 489.83	13 745.72	71 415.46
Encroachments	27.21	0.30	0.30	0.35	0.60	25.66
	4 643 734.97	1 024 524.50	383 378.54	160 035.12	260 189.07	2 815 607.74

Provision was also made for bad debt for the all consumer debt exceeding 90 days :



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

Town	No of Erven	Total Size of all Erven	Total Valuation of Land	Total Valuation of Improvements	TOTAL
Barkly East / Nkululeko / Fairview	2 097	9 082 091	3 032 350	73 216 050	76 248 400
Herschel	179	184 433	184 300	2 695 900	2 880 200
Lady Grey / Khwezi-Naledi / Transwilger	2 245	25 802 054	3 456 700	43 051 030	46 507 730
Rhodes / Zakhele	313	293 609	12 383 500	13 614 000	25 997 500
Rossouw	265	8 393 989	479 800	925 100	1 404 900
Sterkspruit	274	3 755 876	6 463 000	16 767 500	23 230 500
Agricultural Land	1 400				291 176 650
TOTAL	6 773	47 512 052	25 999 650	150 269 580	467 445 880

3.5.5. Provisions

At year-end the following provisions were made for expenditure that would incur during the 2006 / 07 financial year:

Service Provider	Purpose	Amount
Auditor-General	Audit Fees – 2006 / 07	482 690.00
Bad Debts	Consumer Debtors	3 075 796.81
TOTAL		3 558 486.81

3.5.6. Trade creditors

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

Creditor	Amount
Various creditors – rendering operational goods and services during June 2007	990 736.73
Various third party payments – salary deductions for June 2007	0
Department of Transport – motor vehicle registration collections for June 2007.	79 066.48
SARS – VAT on unpaid consumer accounts.	
Project Funds – received in advance	422 039.65
Insurance Refund	157 862.32
	1 755 705.18

3.5.7. Consumer deposits

An amount of R 314 728.18 (30 June 2006 - R290 572.18) is held as deposits on water and electricity services rendered to consumers.

4. **AUDIT REPORTS AND CORRECTIVE ACTIONS**

The auditing of the financial statements for the period ended 30 June 2007 has commenced during August 2006 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2007 is attached hereto – see **Annexure B**.

4.1. **Corrective Actions**

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

5. **CHALLENGES**

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

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

6. CONCLUSION

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

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

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

To the Mayor, Speaker and Councillors, on behalf of the management team and Finance Department of Senqu municipality, herewith the annual report for the period ended 30 June 2007 of the Finance Department of Senqu Municipality. Your support, especially members of the Finance Standing Committee is appreciated.

C R Venter
Chief Financial Officer

Audited Financial Statements -- attached as Annexure A

Report of the Auditor General -- attached as Annexure B

Response to the Auditor General's Report

Section 121(3)(g) of the Municipal Finance Management Act, Act No 56 of 2003 requires that particulars of any corrective action taken or to be taken in response to issues raised in audit reports referred to in paragraphs (b) and (d) must be included in the annual report of the municipality.

The corrective action taken or to be taken in response to issues raised in the audit reports are:

3. QUALIFICATION

3.1. Fixed assets

A qualified opinion was received due to fixed assets not being able to be physically verified, and therefore to be accurately represented. Additionally, impaired assets were required to be detailed as such and rights to land verified.

In order to remedy these issues and deficiencies, a task team will be constituted in order to formally identify and document all assets; to detail and revalue those that have been impaired; and to ensure that rights to land are verified in terms of all applicable documentation.

3.2. Debtors and Provisions

The Auditor-General was unable to confirm the recoverability of debts due from other municipalities to the amount of R4, 7Million, which in turn led to the bad debts disclosure being similarly misstated.

In order to rectify this matter, internal controls and procedures must be introduced in order to enable accurate representation of debt recovery and bad debts disclosure. Investigations will be required to obtain clarity regarding the misrepresentations, as highlighted.

3.3. Emphasis on matter and other matters

Whilst electricity distribution losses have been detailed/calculated at 29.10%, the distribution losses for water have not yet been calculated. A commitment is required to formally calculate these water distribution losses.

3.4. Material non-compliance with applicable legislation

As per the Local Government Municipal Systems Act No 32 of 2000, the following activities are required :

- Non-compliance with s26 : A Disaster Management Plan must be included within the Integrated Development Plan (IDP).

- Non-compliance with s.26(h) : The IDP must include a budget projection for the next three years.
- Non-compliance with s.26(b) : The IDP must include assessment of existing levels of development and identification of communities which do not have access to basic municipal services.
- Non-compliance with section 41 : The Municipality must begin a roll-out of performance management throughout the organization, beginning with other senior levels of staff (cascading from top to bottom).

As per Local Government : Municipal Planning and Performance Management Regulations 2001, the following activities are required :

- Non-compliance with regulation 2(3)(c) :
The IDP must include a financial strategy that defines means for increasing revenues and external funding for the Municipality.
- Non-compliance with Regulation 9(1)(a) :
For each of the development priorities and objectives set out in the IDP, key performance indicators, outcome indicators, input indicators and outcomes indicators will be set.
- Non-compliance with Regulation 14(1)(a) :
The Internal Audit must regularly audit the results of performance measurements.
- Non – compliance with Regulation 14(2)(a)
A formal Performance Audit Committee must be established.

As per Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006 :

- Non-compliance with Regulation 28(1) :
Performance Reviews of Managers will be performed quarterly from the new financial year (and not once annually).

As per the Basic Conditions of Employment Act 75 of 1997

- Non-compliance with Regulation 23 Sec (1) :
Medical Practitioner Certificates will be required to be attached to leave forms as documentary evidence.

As per the National Road Traffic Act (Chapter iii):

- Non-compliance with Section 4(2): Municipal tractors will now be registered

3.5 Internal Controls

Internal controls were found to be lacking in respect of:

- Controls for Fixed Assets.
- Monitoring for Debtors and Provisions
- Controls relating to material non-compliance with applicable legislation and material corrections to the financial statements.
- Monitoring in respect of matters of governance

3.6 Non-compliance with regulatory requirements

Reported performance information was found to be lacking.

4. Overall concerns and Concluding Remarks

It must be stated at the outset that whilst identification of the shortcomings and qualifications within the Auditor-General's Report is contained within the Annual Report, no specific detail is forthcoming at any stage, which highlights appropriate action to be taken, which will formally remedy the problems identified. This is a critical area that requires formal commitment and discussion, and will receive top priority within all discussions and plans to both remedy the current situation and prevent a reoccurrence in the future.

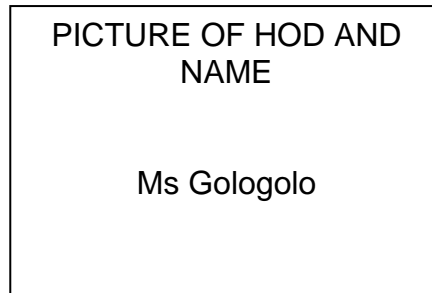
5.

FUNCTIONAL AREAS

SERVICE

DELIVERY

5.1. COMMUNITY SERVICES DEPARTMENT



OBJECTIVE

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

VISION

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

MISSION STATEMENT

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

KEY FOCUS AND SERVICE DELIVERY AREAS

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

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

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

COMMUNITY AND SOCIAL SERVICES SECTION

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

Libraries

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

Section Objectives (2006/07)

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

Nature and extent of facilities provided

- | | |
|---------------|---|
| • Rhodes | 1 facility and 124 users |
| • Rossouw | 1 facility and 96 users |
| • Barkly East | 1 facility and 2037 users |
| • Lady Grey | 1 facility and 2157 users |
| • Sterkspruit | 1 facility and no users not fully) |
| | (facility not complete/ready for use -
not equipped with equipment and
materials) |

COMMUNITY HALLS

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

Section objectives (2005/2006)

1. Renovate the interior of Barkly East Town Hall.
2. One community hall in Ward 3 Mmusong to be completed by Ukhahlamba.

3. 400 new chairs to be purchased for town halls and community halls and each hall is to receive 100 chairs.
4. 8 pre-schools to be built in the rural areas
5. Heaters at Barkly East Town hall to be repaired.

Planned Projects

1. Construction of Hall at Tapoleng R 150 000
2. Construction of Hall at Majuba – R750 000
3. Construction of 10 Multipurpose Centres - R1 707 028
4. Construction of 6 Multipurpose Centres - R765 908
6. Chairs Community Hall – R20 000
7. Construction Toilets at Fairview Creche – R150 000
8. Handing over of completed pre schools completed

Nature and extent of facilities (Community Halls) provided :

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

CEMETERIES

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

Strategic Objectives (2006/2007)

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

Nature and extent of Facilities provided

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

SPORT AND RECREATION FACILITIES

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

Strategic Objectives (2006/2007)

1. 17 sportsfields in rural villages (Ward 1 to 12) and 1 sportsfield for Rossouw (Ward 14) to be completed for upgrading.
2. Concrete fencing of sports grounds at Barkly East and Sterkspruit to be completed.
3. Cloakrooms and public toilets at Lady Grey and Sterkspruit to be built.
4. Repairs and maintenance to existing building at sportsfield to be completed as scheduled.
5. Levelling and planting of grass at Lady Grey, Barkly East and Patrick Shibane Sports Complex.
6. 74 012m² grass to be cut, including cemeteries, sports fields, sidewalks and parks.

Challenges

- a. Vandalism at Patrick Shibane Sports Complex Sterkspruit
- b. Vandalism at Barkly East Sportsfield
- c. Security Services – Securing Services – Funding

Nature and extent of Facilities provided

- Barkly East 2 facilities
- Lady Grey 3 facilities
- Sterkspruit (urban) 1 facility
- Sterkspruit (rural) 46 facilities

Planned Projects

Completion of sports facilities – Kwezi-Naledi – R1 200 000.

PARKS AND PUBLIC OPEN SPACES

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

Strategic Objectives (2006/2007)

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

Analysis of staff :

Number and cost to employer of all personnel associated with each function :

• Library Services	2	R132 000
• Community Halls/facilities	4	R 99 000
• Cemeteries	1	
• Sporting facilities (with parks)		
• Parks	19	R791 000

COMMONAGES

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

Strategic Objectives (2006/2007)

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

Planned Projects

Establishment of Pounds R521 872

WASTE MANAGEMENT: SOLID WASTE SECTION

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

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

Description of the activity

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

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

Strategic Objectives

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

Nature and extent of facilities provided

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

- | | |
|---|----------------|
| • Removed by Municipality at least once a week: | 7984 |
| • Removed by Municipality less often | not known |
| • Communal refuse dump used | not determined |
| • Own refuse dump: | 4 |

Planned Projects

Establishment Rossouw Solid Waste Site	
Cleaning Projects	R46 053
Town	R320 000

Total projected cubic meters of all refuse disposed

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

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

	Capacity	Lifespan
• Domestic / Commercial (4)	8 000m ³	20 years
• Garden (4)	not known	20 years

Anticipated expansion of refuse removal services

	Capacity	R
Domestic / Commercial (1000 new households) (Backlogs Challenges)	1000 30 368	40 000

Free Basic Services Provision

	Capacity	R
• Quantity (number of households affected)	7500	R44, 45 pm
• Quantum (value to each household)	increased to 7 500 households	

Total Operating cost of solid waste

Management Function	R5 379 835
---------------------	------------

Performance Indicators

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

HEALTH (CLINIC) SECTION

Background

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

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

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

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

Strategic Objectives

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

Analysis of staff :

Number and cost to employer of all personnel associated with each function :

- Professional Nurse x1 R382 000
- Part Time Professional Nurse x1
- Non-Professional Nurse x1
- Number, cost of Public Private Clinic
serving population x1 R467 000

LOCAL ECONOMIC DEVELOPMENT SECTION

Background

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

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

Strategic objectives

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

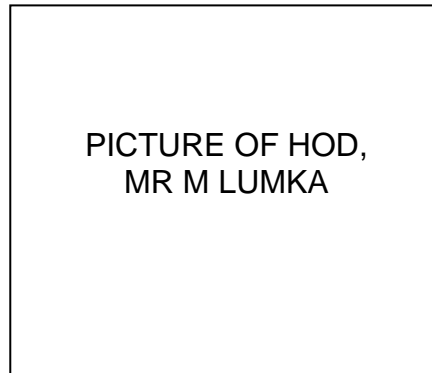
Current Projects	2005/06 Total Cost		2006/07 Planned Funding & Funding allocated
LED Strategy			R280 000
LED Youth Project			R200 000
LED Phase 1	R1.197M		
Gxothindlala Project	R1 000 000		R200 000 (Shared/allocated to 3 projects
Masakhane Rossouw Agricultural Project	R1 500 000		(Gxothindlala Masakhane Rossouw
Land Care Project (Ward 4)	R3 000 000		Agricultural Land Care Project (Ward 4))

Current Projects	2005/06 Total Cost		2006/07 Planned Funding & Funding allocated
Tirisano Disabled Project	R100 000		R70 000
Brickmaking Project			R300 000
Tourism Projects			R500 000

Benefits of Projects

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

5.2. CORPORATE SERVICES DEPARTMENT



M LUMKA
Corporate Services Manager

OBJECTIVE

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development.

VISION STATEMENT

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

MISSION

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

ROLE AND FUNCTION: KEY FOCUS AREAS

- To provide Human Resources support and maintain sound labour relations.
- To provide Administrative and Council Support
- To provide legal support, contract and property management services
- To co-ordinate and manage Employment Equity issues, skills development and training
- To provide adequate Housing Delivery
- To provide and maintain a safe environment by providing efficient, effective and professional Traffic/Law Enforcement function

Human Resources

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

Objectives (2006/2007)

- φ Train and develop staff and Councillors
- φ Effective and efficient implementation of recruitment and selection processes and procedures to enhance optimal recruitment
- φ Develop & implement HR Strategic Plan
- φ Develop strategies to deal with scarcity of skills and reducing staff turnover
- φ Annually review organisational structure to enhance organizational efficiency to enable Senqu Municipality to achieve its strategic objectives
- φ To finalize submission of any new, revised, uncompleted job descriptions to 2nd round job evaluations to PJEC (Region 2)
- φ Educate all unit supervisors as to the Employee Assistance Programme
- φ Strengthening of internal campaign to educate employees re HIV/AIDS
- φ Management and maintenance of policies and research, providing management support

Labour/Employee Relations

Strategy 2006/2007

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

- Focus on developing and growing the capacity of staff and management
- Capacity building in Chairing/Presiding in handling of disciplinary matters – prosecuting, formulating changes for disciplinary enquiries, conciliation and arbitration matters.

Skills Development

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

Total Training budget R621.500. Levies paid R241 796.01 to LGWSETA, reimbursed R84 475,62.

Objectives 2006/2007

- ϕ Workplace Skills Plan 2006/2007
- ϕ Implement Learnership/Internships/In-Service programmes
- ϕ Develop skills base and develop capacity building programmes (Sept 06 and June 07)
- ϕ Submission of Implementation Plan (June and September 2006)
- ϕ Implement further training implementation GAMAP (further grant received from LGWSETA)
- ϕ Progress with ABET programme and establish accessible ABET Centres (numeracy and basic communication in English)
- ϕ To implement learning programmes that will further enable employees to acquire skills and qualifications to enhance their performance, whilst optimising Senqu's functioning.

φ Conduct the following training programmes:

<u>Management and staff</u>	<u>Councillors</u>
<ul style="list-style-type: none"> * ICT * Lifeskills and basic education * Performance Management * Supply Chain Management * Corporate Governance * Project Management 	<ul style="list-style-type: none"> * Workshop on roles, powers and functions * Introduction to IDP and Introduction to MFMA * Members in all 16 Wards. Ward Committee members in all 16 Wards were trained on roles and responsibilities, structures of Local Government

General Comments

- An extremely successful Workplace Skills Plan and award received for best Skills Development Facilitator. This award was received for the second consecutive year.
- Challenges in ongoing commitment to ensure attendance of ABET classes.
- Access to accessible ABET facilities/centres.
- Capacity of senior staff to manage Labour Relation (handling of disciplinary enquiries, conciliation and arbitration)
- Training delivery well received.
- Training on OHS Compliance

Employment Equity

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

Employment Equity is considered to be moving in the right direction. Middle management is fairly represented in respect of designated groups and women. At senior management level, the designated group dominates 60% of the positions: 2 African males – 1 African Female – 2 White males.

The Employment Equity report continues to show progress towards meeting the overall goals as highlighted within the Employment Equity Plan.

Objectives 2006/2007

- φ Employment Equity Plan and Report for 2006/2007.
- φ Analysis report of gaps in plan
- φ Review/Assess Employment Policies, Practices and Procedures.

Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

During 2006/07, no occupational injuries were reported.

Objectives 2006/2007

- φ Monitor usage of safety equipment and assessment of risk areas/.
- φ Health & Safety Committee Meeting as scheduled
- φ Compliance/assessment reports are submitted

Challenges

Ensuring that safety compliance occurs and same is implemented.

General Administration and Council Support

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

Objectives 2006/2007

- Application for approval File Management Plan from Provincial Archives
- Functional document. Management System that conforms to Archives Act.
- Application for disposal for outdated archives.
- Improve efficiency and effectiveness of Council agendas and minute taking processes.
- Provision of logistical and administrative support to Council
- Establishment and functioning of 16 Ward Committees
- Capacity building/Training of Ward Committee members

PERFORMANCE MANAGEMENT

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

Objectives 2006/2007

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

Challenges

- Funding & capacity
- Performance approvals/evaluations were not conducted in the first quarter.
- Performance Management System (phased-in approach) to middle management

PUBLIC SAFETY : TRAFFIC MANAGEMENT/LAW ENFORCEMENT AND RELATED FUNCTIONS

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

Objectives 2006/2007

- Promotion of effective, efficient and professional Traffic Control and Law Enforcement service to the community
- Increased learner drivers' licenses by 40%.
- Law Enforcement focus and drives to educate public.
- Improve revenue – drivers licensing Training Centre in Sterkspruit
- Improve safety in Senqu Municipal area
- Improve infrastructure at Traffic Testing Station

General Comments

- New office equipment installed at Traffic Test Station
- Learners license figures escalated by 60%.
- Drivers license issues increased dramatically.
- More shortage of staff impacts on ability to perform law enforcement function
- Road Traffic signs were installed in the municipal area
- Database upgraded and maintained

Challenges

- * Issuing of fraudulent drivers licenses and issuing of licenses in exchange for sexual favours
- * Lack of accountability due to dual reporting relationship (Finance and Corporate Services)
- * Misuse of municipal property in the roadworthy testing facility.

HOUSING AND ESTATES

Promotion of Housing Policy and Provision of low-cost housing through low-cost housing subsidy.

Total allocated budget – x3 Housing Projects	R20 381 437
(Accrued saving/further budget allocations spent)	R7 615 949
	R40 040 213

Objectives for 2006/07

- Compile and lodge Township Registers for Rhodes, Fairview, Lady Grey, Rossouw and Sterkspruit
- Develop a housing policy and housing sector plan
- Eliminate housing backlogs by 20%

Challenges and General Comments

- The compilation of township registers were affected by slow process of opening township registers – registers were opened at various stages
- Three housing projects financed by Dept Housing, Local Govt and Traditional Affairs underway. The projects are at various stages of completion – detailed as follows :
 - **Kwezi-Naledi** 1000 Project (Municipality is the appointed developer) – 90% completed
 - Beneficiaries occupancy is at 700
 - 47 Units remain unbuilt due to material supply delays
 - Beneficiaries allocated have not come forward to claim houses on completion

- **Herschel** - 700 Project (Municipality is the appointed Developer)
 - Project is completed
 - Beneficiary occupancy is at 410
 - Difficulties in locating original allocated beneficiaries
 - Plans in process to locate alternative beneficiaries
- **Hillside Housing** - 600 Project (Developer Women in Construction)
 - Not completed – slow development
 - Poor workmanship - poor infrastructure
 - Process in place to rectify defects

Challenges

- HIV/AIDS Crisis – more elderly and orphaned children.
- Infrastructure – limited capacity of bulk services to meet new developments
- Variations between National & Provincial norms, standards and consequent available funds
- Slow development and land identification processes

Legal Services Contracts and Property Management

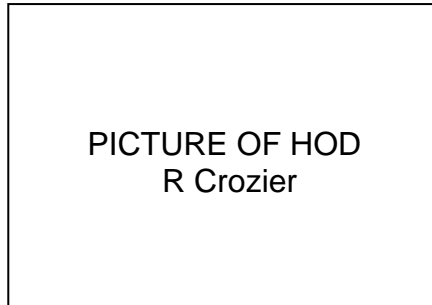
Provides legal support service, this includes but is not limited contract law, litigation, property law.

This service is provided directly and indirectly through a range of Law Firms contracted to the Municipality.

Challenges

- Labour Law related and land related disputes.

5.3. TECHNICAL SERVICES



Objective

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

Vision

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

Mission Statement

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

Key Focus Areas

The Senqu Municipality has the following powers and functions in respect to Key Focus Areas of Technical Services to the community:

- 1) Electricity distribution – licensed areas only
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning – Building Control, zonings, consolidations, sub divisions
- 6) Water Provision – Bulk, treatment and reticulation
- 7) Sanitation – Sewerage removal and treatment

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until June 2007 by the Ukhahlamba District Municipality, who are the Water Services Authority.

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

The IDP has moved to the Financial Section due to the direct budget linkages.

FUNDING

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

ELECTRICITY & STREET LIGHTING

Section Objectives

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

ROADS AND STORMWATER

Section Objectives

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

WATER

Section Objectives

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

SANITATION

Section Objectives

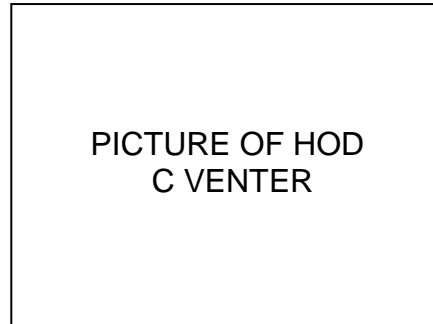
- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey,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

TOWN PLANNING AND BUILDING CONTROL

Section Objectives

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

5.4. **BUDGET & TREASURY DEPT**



Objective

‘The overall objective of the Budget & Department is the provision of Management Support and guidance to staff and Councillors, managing of assets, managing the budget and managing revenue and collection of debtors.’

Vision Statement

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

Mission Statement

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

Key Focus Areas for this Department are :

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

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

Key Performance Indicators

These will be examined under each subsection as follows :

Revenue Collection/Income Generation

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

The Key Performance Indicators are:

- Annual reconciliation of Valuation Roll.
- Annual reconciliation of Assessment Rates.
- Annual billing of Assessment Rates.
- Complete 2005 General Valuation of Farms.
- Valuation Board assessing objections.
- Certify 2005 General Valuation roll.
- Implement 2005 General Valuation roll.
- Do survey of infrastructure & services on farms.
- Monthly updating consumer database.
- Maintain & Implement Credit Control & Debt Collection Policy
- Maintain and implement financial policies & procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control & Debt Collection;
- Cash Management, Banking & Investment.
- Appointment of Accountant Income
- Monthly selling & control Pre-paid Electricity.
- Monthly reading of Water & Electricity meters
- Accurate monthly billing of accounts.
- Monthly delivery of consumer accounts.
- Daily receipting of all revenue.
- Daily banking of all revenue.
- Secure all revenue collected.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection
- Develop Rates policy;
- Consult community on Rates policy;
- Implement Rates Policy;
- Develop & promulgate Rates Policy By-Law

Expenditure and Control

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

The Key Performance Indicators are:

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

Budgeting

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

The Key Performance Indicators are:

- Compile & publish budget time schedule
- Establish & publish committees & consultation forums.
- Outreach programme to all wards.
- Review & prepare:
 - Integrated Development Plan (IDP);
 - Service Delivery Agreements;
 - Delegations;
 - Budget Related Policies;
 - Operational & Capital Budget

- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
- Budget & Supporting documents to:
 - National Treasury;
 - Provincial Treasury;
 - Publish and website
- Service Delivery & Budget Implementation Plan (SDBIP).

Accounting and Reporting

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

Information Technology

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

The Key Performance Indicators set are:

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

Assets and Stores

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

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

Motor Vehicle Licensing

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

The Key Performance Indicators set are:

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

OVERSIGHT REPORT FOR THE PERIOD 2006-2007

1. **Background**

The Municipal Finance Management Act, Act 56 of 2003 requires that Council consider its Annual Report and based on the analysis and evaluation thereof, that it prepare and adopt an Oversight Report. The following Oversight Report is presented for the period 2006-2007.

2. **Analysis of the 2006-2007 Annual Report**

The information contained within the 2006-2007 Annual Report was duly examined, whilst taking cognizance of the Auditor-General's Annual Report. Following this discussion, the extent to which the strategic objectives of each department were met as against their limitations will be briefly discussed.

2.1. **Auditor-General's Report on Annual Financial Statements (ending June 2007)**

a) **Fixed Assets**

A qualified opinion was received. Fixed assets were disclosed at R95 Million in Appendix C to the Annual Financial Statements. However, assets to the value of R361 772 could not be physically verified. Additionally, assets to the amount of R218 700 were identified as being impaired. Rights to land could also not be verified.

In order to remedy these issues and deficiencies, it is required that a task team be constituted in order to formally identify and document all assets; to detail and revalue those that have been impaired; and to ensure that rights to land are verified in terms of all applicable documentation.

b) **Debtors and Provisions**

The Auditor-General was unable to confirm the recoverability of debts due from other municipalities to the amount of R4, 7Million, which in turn led to the bad debts disclosure being similarly misstated. This has resulted in a qualified opinion.

In order to rectify this matter, internal controls and procedures must be introduced in order to enable accurate representation of debt recovery and bad debts disclosure. Investigations will be required to obtain clarity regarding the misrepresentations, as highlighted by the qualification.

c) Emphasis on matter and other matters

The following areas have been highlighted and these, together with remedial action required are detailed accordingly :

- Whilst electricity distribution losses have been detailed/calculated at 29.10%, the distribution losses for water have not yet been calculated. A commitment is required to be made to calculate these water distribution losses.

d) Material non-compliance with applicable legislation

As per the Local Government Municipal Systems Act No 32 of 2000, the following activities are required in order to rectify areas of non-compliance:

- o Non-compliance with s26 : A Disaster Management Plan must be included within the Integrated Development Plan (IDP).
- o Non-compliance with s.26 (h): The IDP must include a budget projection for the next three years.
- o Non-compliance with s.26 (b): The IDP must include assessment of existing levels of development and identification of communities which do not have access to basic municipal services.
- o Non-compliance with section 41: The Municipality must begin a roll-out of performance management throughout the organization, beginning with other senior levels of staff (cascading from top to bottom).

As per Local Government : Municipal Planning and Performance Management Regulations 2001, the following activities are required :

- o Non-compliance with regulation 2(3)(c) :
The IDP must include a financial strategy that defines means for increasing revenues and external funding for the Municipality.
- o Non-compliance with Regulation 9(1)(a) :
For each of the development priorities and objectives set out in the IDP, the key performance indicators, outcome indicators, input indicators and outcomes indicators will be set.

- Non-compliance with Regulation 14(1)(a) :
The Internal Audit must regularly audit the results of performance measurements.
- Non-compliance with Regulation 14(2)(a) :
A formal Performance Audit Committee must be established.

As per Local Government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006 :

- Non-compliance with Regulation 28(1) :
Performance Reviews of Managers will be performed quarterly from the new financial year (and not once annually).

As per the Basic Conditions of Employment Act 75 of 1997:

- Non-compliance with Regulation 23 Sec (1):
Medical Practitioner Certificates will be required to be attached to leave forms as documentary evidence.

As per the National Road Traffic Act (Chapter iii)

- Non-compliance with Section 4(2): Municipal tractors will now be registered.

e) Internal Controls

Internal controls were found to be lacking in respect of :

- Controls for Fixed Assets.
- Monitoring for Debtors and Provisions
- Controls relating to material non-compliance with applicable legislation and material corrections to the financial statements.
- Monitoring in respect of matters of governance

f) Non-compliance with regulatory requirements

Reported performance information was found to be lacking.

2.2. Concerns in respect of Auditor-General's Report and related detail within the Annual Report

It must be stated at the outset that whilst identification of the shortcomings and qualifications within the Auditor-General's Report is contained within the Annual Report, no **specific detail** and formal commitment is forthcoming at any stage, which highlights appropriate action to be taken, which will formally remedy the problems identified. This is a critical area that requires formal commitment and discussion. As at this date of this report the Auditor - General was unavailable.

2.3. Degree to which Strategic Objectives have been met

Each department will be examined separately in respect of success and ongoing challenges, which are faced:

2.3.1. Technical Services Department

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

Traditionally, funding is a constant challenge, especially for Capital Projects. Black Economic Empowerment remains a challenge, especially in the construction sector – conformity to supply chain management prescriptions and lack of skill in this sector.

a) Electricity and street lighting

Successes included :

- 17 New connections (no backlog in licensed areas)
- 329 Electricity faults reported and dealt with
- 145 Electricity meters serviced/replaced
- Service level agreements in place with Eskom.

- 40 Units of street lighting installed in Herschel
- 1550 km LV line upgraded in Sterkspruit and Barkly East
- 3- Ton truck purchased
- Electricity purchased (ESKOM)
- Ongoing maintenance plans and implementation

Remaining Challenges :

- Retention of Technical Staff
- Lack of workshop and storage space
- Electricity losses (theft and outdated infrastructure)
- Ageing infrastructure
- Funding
- Electricity backlogs in rural areas
- ESKOM installation request very time consuming
- Cherry Pickers required to be replaced
- Standardization of equipment
- Supply Chain Management - conformity to supply chain management prescriptions and lack of skill in this Sector.
- Community non-compliance re installations
- Vodacom & MTM Towers and agreements
- Adhoc maintenance Monitored
- Formation of RED's (financial and service delivery)
- Equity, especially at Senior Management Level -- inability to attract skilled technical expertise.

- Adherence to smoking Policy

b) Roads and Storm water

Successes included :

- Construction and rehabilitation of 18,2 km new roads (Wards 9, 1 and 2)
- Purchase of plant
- Pedestrian Bridge (Sterkspruit) constructed
- Construction of motor bridge at Kwezi Naledi
- Motor bridge constructed – Sunduza
- Job creation – 172 temporary jobs
- 300 Potholes repaired
- Ongoing general operation and maintenance

Remaining Challenges :

- Road Maintenance Plan
- Insufficient funds
- Protection of natural resources i.e sand & gravel.
- Abuse of Vehicles
- Security of plant & Equipment -- prevention of theft
- Access roads backlog
- Resurfacing of Department of Transport roads
- Supply Chain Management – Lack of conformity to supply chain management prescriptions and lack of skill in this Sector.
- Urban renewal to encourage LED
- National still to complete the roads classification system
- Insufficient plant

- Insufficient parking, existing parking over utilized – Municipality not benefiting, especially in Sterkspruit
- Gravel shortage in rural areas
- Distances to borrow pits
- Sealing of access roads with lined storm water channels

c) Water

Successes included :

- Water purified (1683397 k)
- 474 Water faults reported and attended to
- Water meters replaced/services (45)
- 14 New water connections
- Maintenance ongoing
- Achievement of successful drought emergency measures in Lady Grey

Remaining Challenges

- Permanent solution to Lady Grey bulk water supply
- Staff capacitation
- Water backlogs in rural areas
- Rehabilitation of Barkly East and Rhodes reticulation networks
- Compilation of a water master plan for all areas
- Supply Chain Management – Lack of conformity to supply chain management prescriptions and lack of skill in this Sector.
- Rehabilitation of Barkly East purification works

- Installation of section metering for water balancing
- Realistic tariffs for cost recovery
- Replacement of vehicles
- Bulk supply to Rossouw and rehabilitated bulk supply for Rhodes
- Lady Grey dam scour and line
- Installation of fire hydrants
- Pressure and storage problems in Lady Grey /Sterkspruit
- Refurbishment of Lady Grey filters
- Cleanliness of Water
- No movement on Orange River Macro Water Scheme Project

d) Sanitation

Successes included :

- Ongoing operation and maintenance
- Complaints reported and attended to were 1 329
- Sewer blockages were 289
- VIP's services : 105
- New connections : 8
- Electricity for irrigation installed at Sterkspruit

Remaining Challenges

- Rural sanitation backlogs
- Bucket eradication in unformalized areas
- Sanitation ponds needed in rural areas
- New vehicles needed

- Waterborne sanitation for bucket eradication in Lady Grey & Barkly East
- Herschel waterborne sanitation and disposal works project started (R7M)
- Supply Chain Management – conformity to supply chain management prescriptions.
- Old and ageing infrastructure in Barkly East (reticulation)
- Urgent upgrade of the disposal works in Sterkspruit
- VIP's serviced in Lady Grey

e) Town Planning and Building Control

Successes included :

- Building plans received and approved: 29
- Rezoning applications received and approved: 5
- Subdivision applications received and approved: 16
- Building Control Officer appointed

Remaining Challenges:

- Vehicle needed
- Separate budget for town planning and building control
- Policy on Town Planning which includes rezonings & subdivisions
- Zoning maps needed for Herschel, Rhodes and Rossouw
- Community land issues need to be legally solved
- More land for development required in Sterkspruit
- Government departments not liaising with the municipality before developments are implemented

2.3.2. Community Services Department

a) Library Provision

Successes include :

- Installation of electricity in the library building (Sterkspruit)
- Sterkspruit library material completed
- Purchase of computers for Sterkspruit, Lady Grey and Barkly East libraries

Remaining Challenges :

- Promotion and participation in the library week activities
- Continuous programs to encourage use of libraries
- No modern equipment such as: e-mails, alarm systems, cameras and the like
- Irrelevant and obsolete library materials/books

b) Community Halls

Successes include :

- Renovation of Transwilger Hall
- Building of preschool
- Planned Project: Majuba and Tapoleng community halls - tendered for 2007/2008

Remaining Challenges

- Handing over completed pre-schools
- No electricity & water at pre schools
- No electricity & water at community halls
- Maintenance of pre schools & halls
- Air-conditioning at halls
- Recording of Assets at the halls
- Policy on use of halls
- Revised tariff structure /special uses

- Control & use of halls, especially in rural areas is a challenge.

c) Cemeteries

Successes include :

- Development of Pauper Burial Policy
- Fencing and establishment of new cemeteries

Challenges remaining :

- Control, maintenance and use of cemeteries (particularly Barkly East)
- Protection /security of fencing of old cemeteries, especially in the townships
- Maintenance & Cleanliness of cemeteries
- Staff shortages
- Illegal burials

d) Sport and Recreational Facilities

Successes include :

- Leveling and planting grass at Lady Grey, Barkly East and Patrick Shibane Sports Complex
- Implementation of repairs and maintenance programs
- Grass cutting (74 012m² of cemeteries, sportsfields, sidewalks and parks)

Challenges remaining :

- Patrick Shibane Sports Complex (Sterkspruit) being vandalized
- Staff shortages - Caretaker: Sportsfields
- Barkly East sportsfield being vandalized
- Control and use of sportsfield problematic
- Illegal occupation in Patrick Shibane remains a challenge.

e) Parks and Public Open Spaces

Successes include :

- Planting and pruning trees along Senqu streets
- Grass cutting programmes adhered to
- Successes of cleaning Campaign or lack thereof.
- Records & Statistics

Challenges Remaining:

- Lack of funding for planting trees and flowers
- No forward planning
- Sidewalk maintenance during growing season (staff shortages and non-availability of equipment).
- Lack of supervision & monitoring

f) Commonages

Successes include :

- Lady Grey commonage fence repaired

Challenges Remaining:

- Stray Animals
- Establishment of Pounds
- Barkly East commonage fence to be repaired
- Farm building on Lady Grey commonage to be renovated
- Overgrazing on Barkly East commonage
- Thirteen (13) secondhand tractors not serving intended purpose – impaired tractors
- Registration of Tractors - some tractors not verifiable
- Commonage Management Plan

g) Waste Management

Successes include :

- Approval for funding of a solid waste site at Sterkspruit – commence in 2007/2008
- 35231 cubic meters of solid waste removed and 29615 cubic meters of garden refuse removed.

Challenges remaining:

- Identify solid waste site at Sterkspruit
- Feasibility study for refuse site at Rossouw and apply for funding
- Include solid waste sites for Rossouw and Rhodes in IDP
- Manage solid waste sites as per prescribed guidelines
- Regular refuse removals
- Daily cleaning of litter in streets
- Records & Statistics

h) Health Services

Successes include:

- HIV /AIDS council established & functioning
- Health care provision at clinics.
- Support in form of Grants - in - Aid to home based care

Challenges Remaining:

- Optimal primary health care for all citizens
- Training and development of staff (upskilling)
- Regular HIV/AIDS peer educators
- Health promotion Programs
- Water quality monitoring programme

- Inspection of business premises to ensure food preparation is done within health requirements.
- Control & Licensing of Hawkers
- Retention of Qualified nursing staff

i) Local Economic Development

Challenges (ongoing)

- To stimulate growth through :
 - SMME development
 - Capacity building
 - Formulation of economic development strategy
 - Facilitating and promoting investments
 - Mobilizing development stakeholders
 - Collecting development information and research
 - Slow land identification & Development
 - Continuous challenges in respect of the flowing projects:
 - Holo Hlahantsi Agricultural Project
 - Pelagouivan
 - Spinning & Weaving
 - Booking Keeping
 - Disabled Project in Barkly East
 - Rossouw Agricultural Project

2.3.3. Municipal Mangers Office

a) Communication and Customer Relations

Successes include:

- Planned future: Customer Satisfaction Survey

- Planned development of Service Delivery Charter
- Outreach programmes undertaken during IDP review and budget process
- Community Support Centres investigated
- Website utilization effective – but requires improvement - recent implementation

Challenges remaining :

- Integrated Call Centre to be established (funding and infrastructure challenges).
- Customer relations and filtering throughout organization.
- Reaching all communities using language and language medium of choice.
- Funding in respect of publications and advertisements.
- Staff shortages
- Mayoral outreach programmes – participation of stakeholders & Communities
- Further development of website (Managed by the Budget & Treasury Department Finance) – loading of relevant information
- Use of information notice boards at strategic locations so as to reach community that have no access to technology

b) Access to information

Successes include:

- Access to Information Policy

Challenges

- Implementation

c) IDP and Grants in Aid

Successes include:

- IDP developed/reviewed annually
- Grants in Aid Policy implementation

Challenges remaining

- Grant Funding
- Community awareness
- Implementation of Grants in – aid and Monitoring of Grant Funding

d) Performance Management

Successes include:

- Performance Agreements for all s.57 employees

Challenges remaining:

- Funding
- Capacity
- Institutionalizing PMS
- Establishing PMS Audit Committee
- Implementation of Quarterly PMS reviews
- Phasing in of PMS system

e) Corporate Governance

Successes include:

- Internal Audit Committee established
- Remuneration Policy
- Remuneration Committee appointed
- Register of Interest established

Challenges remaining

- Fraud Prevention Policy currently being developed

- Presentation of policies to staff and Councillors (ongoing) – function co – ordinated & responsibility of Corporate Services Manager.

2.3.4 Corporate Services Department

a) Administration and Council Support

Successes include:

- New file management system sent to Provincial Archives – awaiting approval
- Filing systems integration completed
- Operational printing and recording equipment

Challenges remaining

- Functional document management system
- Approval of a filing system
- Effective By – Laws
- Set up functional electronic document management system
- Reducing costs
- Effective and efficient communication infrastructure
- Improve efficiency & effectiveness of council agendas and minute taking
- Manage & follow –up council resolution implementation.

b) Training & Development

Successes include:

- Implementation of Workplace Skills Plan & implementation reports.
- Award for “best” SDF second consecutive year

- Well delivered Training programmes for Councilors and Ward Committee
- Senior staff attending Management Development Programme.

Challenge remaining

- Funding
- Internships Programme & Policy
- Capacity of Senior staff to manage Labour Relations (handling of disciplinary enquiries, conciliations and arbitrations)
- Training on OHS compliance
- Commitment to ABET attendance & Access to ABET Centers

c) Housing

Successes include:

- 600 Hillside housing units completed
- 90% completion of Kwezi-Naledi Lady Grey Housing Project
- Upgrade of storm water reticulation (Kwezi Naledi)
- Herschel Housing project complete and occupancy at 410.
- Herschel – installation of waterborne sewerage systems
- Repair to road infrastructure (Herschel)
- Rhodes : 26 Units renovated

Challenges remaining

- Hillside
 - Lack of infrastructure
 - Lack of experience in rural housing projects
 - Beneficiary administration incorrect and incorrect allocations

- Alternate beneficiaries sought
- Kwezi Naledi Lady Grey Project
 - Road infrastructure poor
 - Difficulty achieving provincial norms of housing delivery
 - Policy subject to yearly review (policy shifts at National and Provincial levels)
 - Poor performance of material supplier
 - Job creation
- Herschel Housing Project
 - Challenge of locating beneficiaries
 - Beneficiary allocation
- Rhodes
 - RDP houses required
 - Availability of land
- Herschel/Orangefontein
 - Commitment from District Council
 - Sanitation Infrastructure renovations not funded

Challenges remaining – Generally

- Opening of Township registers
 - Development of a Housing Policy & Sector Plan
 - Promotion of Housing Policy
 - Eliminate Housing Backlogs
 - Provision of Low cost Housing
 - HIV /AIDS crisis
 - Infrastructure -- limited capacity for bulk services to meet new developments
 - Variations between national & Provincial norms, standards consequent available funding

- Slow development and Land identification

d) Traffic

Successes include:

- New office equipment installed at Test Station
- Learners Licenses increased by 60%
- Road Traffic Signs installed
- Database upgraded

Challenges remaining

- Corruption at Vehicle Testing Station –issuing of fraudulent Drivers Licenses
- Lack of accountability due to dual reporting relationship
- Misuse of Municipal property in the Roadworthy testing facility

e) Employment Equity

Successes include:

- Employment Equity report submitted to Employment Equity Registry as legislated by 1 October 2007.
- Employment Equity Moving in right direction
Middle Management representative of designated groups.
Senior Management 60% represented by designated groups
20% represented by females.

Challenges

- Lack of Communication & Consultation and regular reporting
- LLF Meetings
- Review/Asses Employment Practices & policies
- Capacity of HR staff
- Certain Employees categorized incorrectly and number of staff do not tie up with payroll or SWP categories.
- EE4 report requires to tie up with payroll

f) Occupational Health & Safety (OHS)

Successes include:

- No accidents reported during the year under review.
- Health & Safety Representatives Appointed
- Regular Safety Meetings
- Municipal wide employee OHS awareness conducted

Challenges

- Full Compliance with OHS
- Monthly inspection reports
- Training
- Safety Officer

2.3.4. Finance/Treasury Department

Successes include:

- Implementation of Municipal Finance Management Act
- Implementation of Generally Accepted Municipal Accounting Practices (GAMAP)
- Review of Policies
- Training of staff
- IT system implemented
- Phase 1 of GIS completed

Challenges remaining:

- Training and development of staff
- Training of IT/GIS Operator to ensure independence
- Phase II GIS
- Bar-coded assets
- Qualifications received on audit report

3. **CONCLUDING REMARKS**

Having examined overall the degree to which the Annual Report reflects the issues and areas for correction raised during the Annual Audit, and the extent to which service delivery objectives are being met, this report is considered to be an accurate representation of events and issues that occurred during 2006/2007. As such it is recommended that Council adopt this Annual Report.

RECOMMENDED

That Council adopts the Annual Report for Senqu Municipality for the period 2006 – 2007 as reflected in the Annual Report attached for this purpose.

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Senqu Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

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

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

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

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

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

Notwithstanding the above it must be noted that the Annual Report does not fully reflect the challenges facing all departments within Senqu Municipality, nor would it, based on the information contained in reports from the various departments. This deficiency was highlighted in a Council meeting, which was held in order to evaluate the content of the Annual Plan. During discussions specific challenges were highlighted that should have been included in the main body of this Report.

In conclusion it must be noted that these concerns have been taken into account and the challenges which were not detailed, have now all been included in the Oversight Report. In this manner the perceived deficiencies have been rectified and we are able to note that the Oversight Report together with the Annual Plan, represents an accurate account of the operational status and activities that have occurred within Senqu Municipality.

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

GLOSSARY

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

CREDITS

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

- *The Mayor and Councillors*
- *Office of the Municipal Manager*
- *Manager: Corporate and Support Services*
- *Manager: Community and Social Services*
- *Manager: Technical Services*
- *Manager: Budget & Treasury*
- *Special Mention: Charmaine van Schalkwyk Consulting*