

Improve quality of life through  
balanced **sustainable  
development and service  
excellence.**

Nkangala District Municipality



**NDM** Annual Report 2006/7

Nkangala District Municipality



Nkangala District Municipality

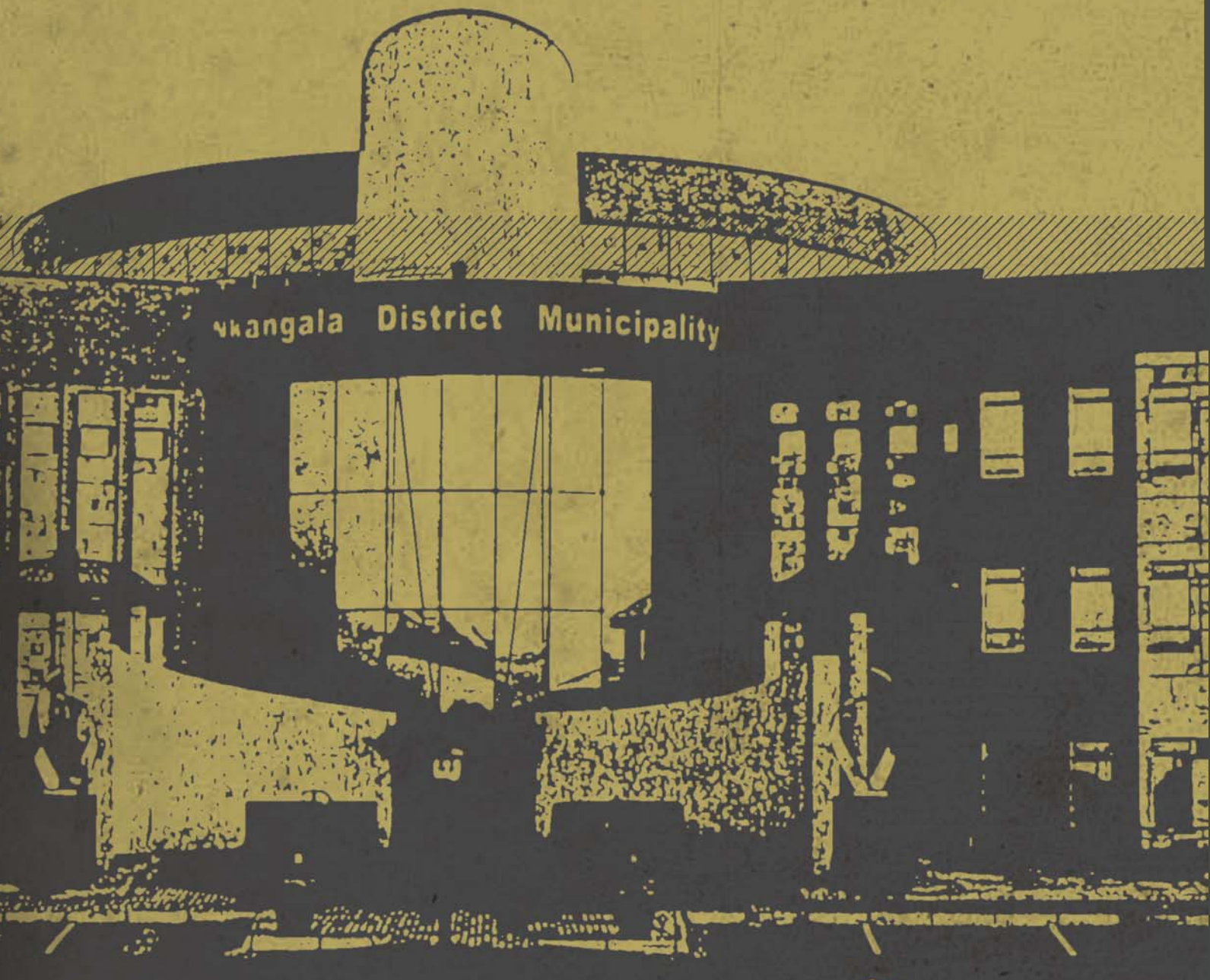
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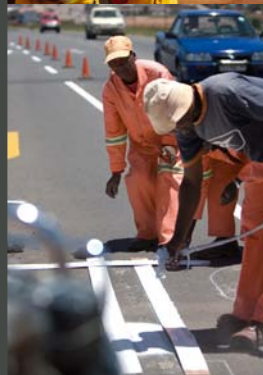
As we step forward in this second decade of democracy, we also bring in an approach to continue to work close with communities to continue to build appropriate municipal-community partnerships. Community participation will ensure that local programmes and projects are people driven. This approach will maximize local economic development opportunities and build skills and capacity in most of our rural areas.

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Improved **quality of life**  
through balanced,  
**sustainable development**  
& **service excellence,**

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CHAPTER 1

## Executive Mayor's Foreword

### FOREWORD



The year 2006 ushered in added responsibilities for those of us elected as public representatives and appointed as municipal officials. Through their votes and their subsequent actions, our communities have continued to work closely with the District Municipality. In the interest of local participatory democracy, this is a matter which we encourage so that municipal programmes and projects are people-orientated and people-driven. The

noble principle from the Freedom Charter "The people shall govern" is thereby expressed.

As in past years, the 2006/07 financial year saw the Nkangala District Municipality recording significant progress. We shall continue to strive for this, so that the standard of living of our people is improved.

- Continue with the implementation of anchor projects such as the Moloto Rail Development Corridor (which has been defined as an ASGISA project), International Convention Centre, Delmas International Airport, etc;
- Continue with the implementation of the resolutions taken at our Growth and Development Summit,

**The National Government has committed itself to the United Nations Millennium Development Goals (Vision 2014) which inter alia set out the following service delivery targets:**

<p>Access to <b>drinkable water</b> to all by <b>2008</b></p> 	<p>Access to <b>decent sanitation</b> to all by <b>2010</b></p>	<p>Access to <b>electricity</b> to all by <b>2012</b></p> 
	<p>Halving <b>unemployment</b> by <b>2014</b></p>	

Pursuant to the above-mentioned targets, the Nkangala District Municipality committed itself to the following issues or programmes:

- Continue with Expanded Public Works Programme (EPWP) using its own revenue to an amount of R60 million for 2006/07;
- Entrench participatory democracy through IDP and Budget meetings;
- Embark on fast-tracking project implementation relating to the fight against poverty and underdevelopment;

EPWP Conference, District Lekgotla, State of Environment Report (SOER), IDP Indaba and Budget Indaba;

- Continue with our participation in and contributions to the 2010 Soccer World Cup.

As you are aware, after the 2006 local government elections we deployed new councillors as Executive Mayor, Members of the Mayoral Committee, Speaker, Chief Whip, Chairpersons of Section 79 Committees, Members of



The noble principle from the Freedom Charter **"The people shall govern"** is thereby expressed.

**Cllr SK Mashilo**  
Executive Mayor  
Nkangala District Municipality

Section 79 committees, Members of the IDP forum, members of the LED Forum and Members of LED working groups. Linked to this deployment are municipal officials in the District Municipality and local municipalities who, through their activities, give impetus to service delivery. Surely and steadily our commitment to developmental local government supported by other spheres of government is bearing fruit, provided in response to our toil as servants of the people.

This report covers our achievements as set out in the IDP and budget documents. In line with our vision of "Improved quality of life through balanced, sustainable development and service excellence", we have continuously endeavoured within our fiscal capacity to address the needs of our communities. During the year under review, we held successful IDP outreach meetings, in which our communities and stakeholders participated. Through our own actions and through history we received accolades in 2006/07 such as Vuna Award, Best Skills Development Facilitator, Credible IDP, etc, in recognition of our sterling work

Nevertheless, we still face huge challenges and backlogs around infrastructural development, in particular water supply in the western part of the district and the provision of housing in the district as a whole. Our local municipalities have improved revenue collection and have not experienced protests on service delivery. This is attributed to the continuous interaction we have with our communities, and political stability.

Section 121(2) of the MFMA deals with the purpose of the annual report, which includes the promotion of accountability and the performance of the municipality against its adopted IDP and spent budget. It is on the

basis of the aforesaid reasons and legal provisions that I submit the annual report of Nkangala District Municipality for the period 1 July 2006 to 30 June 2007.

The past financial year has been stable and viable; we shall continue drawing strength out of its positive results. The annual report records the activities and successes of the District Municipality for the year in question. On behalf of Nkangala District Municipality, I would like to thank my office, Members of the Mayoral Committee, the Speaker, the Chief Whip of the ANC and other political parties represented in council, the Municipal Manager and his staff, civil society, organized labour (SAMWU and IMATU), and the community in general.

I quote the words of Comrade Moses Kotane, the icon of our struggle, who said, "At this hour of destiny, the country and your people need you. The future of the country is in your hands and it will be what you make of it." In the same vein, I say to all of us that the District Municipality needs us and it will be what we make of it. It is with great honour and privilege that I present this annual report to you. In the spirit of building a caring society, let us all strive for a better future.

I thank you



**Clr SK Mashilo**  
Executive Mayor

"At this hour of destiny, the country and your people need you. The future of the country is in your hands and it will be what you make of it."

- **Moses Kotane**

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Through our own actions and through history we received accolades in 2006/07 such as **Vuna Award, Best Skills Development Facilitator, Credible IDP, etc, in recognition of our sterling work.**

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## CHAPTER 2

## Municipal Overview Of Nkangala District Municipality

This annual report serves to highlight the progress made by the Nkangala District Municipality between July 2006 and June 2007. It highlights the achievements of the District, the services rendered and provided by the municipality, and other developments in which the District is engaged. It further provides audited financial statements for 2006/2007. The main objective of presenting this report is to report back to communities on performance, progress and other related matters



from the beginning of July 2006 to June 2007.

The end of each financial year is the perfect time for reflecting on all aspects of development, especially after a year marked by such an enthusiasm, zeal and gusto in the shaping of the new South Africa politically and economically.

The sound financial situation at year-end and the number of manuscripts developed by our office have led to a number of achievements. Nkangala was awarded the prestigious VUNA Award for 2006, as the best District Municipality in category C municipalities in South Africa, for its municipal service excellence. The NDM was assessed in all the KPAs and it was able to take individual KPA Awards on Municipal Transformation and Institutional Development, and Financial Viability and Good Governance.

As we continue to extensively focus on the service excellence in this second decade of democratic South Africa, our approach is always to work closely with communities to build appropriate municipal-community partnerships. The local knowledge of the people is combined with the local government developmental mandate to ensure sustainable, people-centred development. This approach maximizes

local economic development opportunities and builds skills and capacity in most of our rural areas.

The year 2006 brought significant change to the Nkangala District Municipality (NDM), beginning with the introduction of the new Political Executive Committee (new councillors), and the Administrative Management, involving all staff members. The new team has brought with it a heightened determination for a more results-orientated, broad-based programming stance. With this has come a major realignment, whereby activities in local municipalities and the district were synchronized more effectively, with new strategies aimed at responding to President Mbeki's call and the nation's desire for better service delivery. These new strategies and resulting Programme activities were aimed at helping to unblock government resources, rapidly scaling up proven approaches, influencing government policies and driving for more rigorous monitoring and evaluation of activities.

In his 2007 State of the Nation address President Thabo Mbeki said: "Upon review of progress towards attainment of its objectives, Cabinet had come to a realization that none of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty... This relates to

Nkangala was awarded the prestigious VUNA Award, as **the best District Municipality in category C municipalities in South Africa**, in 2006, for **municipal service excellence**.

**Mr. TC Makola**  
Municipal Manager  
Nkangala District Municipality

everything, from the improvement of the health of our people, to reducing the levels of crime, raising the levels of literacy and numeracy, and opening the doors of learning and culture to all..." In reviewing our Integrated Development Plan (IDP) in 2007, we were cognizant of these twin objectives and the approach which the Government as a whole will be embarking on for the coming year and beyond.



**Our seven Key Strategic Focal Areas are envisaged to guide our response to these objectives and all the developmental challenges confronting our District. These Strategic Focal Areas are briefly discussed below:**



- The need to fast-track Infrastructural Development initiatives and Service Delivery, focusing on the provision of free basic services, water, sanitation, electricity, roads and stormwater;
- The need for our Local Economic Development interventions to adequately address issues of economic development, skills development, job creation and poverty alleviation;
- The need to deepen the alignment of our IDP with the PGDS and the NSDP as an inclusive instrument around which planning should take place towards addressing the socio-economic challenges confronting our Region;
- The need to enhance our Financial Performance and Management to enable our adequate response to all the developmental challenges confronting our communities;
- The need to enhance the performance of the District by inculcating the culture of Performance Management in all our processes;
- The need to deepen Public Participation and Intergovernmental Relations in all our processes geared towards bettering the lives of our communities;
- The need to continuously monitor the implementation and attainment of the developmental objectives encapsulated in the District IDP.

**“The country and your people needs you, the future of the country is in your hands and it will be what you make of it”**

Our 2007/8 Integrated Development Plan (IDP) serves as a barometer both for the Nkangala District Municipality, its social partners and citizens towards adequately responding to these strategic areas, and the ultimate realization of our vision - “Improved quality of life through balanced, sustainable development and service excellence ”.

In conclusion I would like to emphasize that the NDM will continue to be one of South Africa's leading District Municipalities, setting the developmental pace, addressing poverty through constructive community participation, and expanding on realistic evaluations of the local economic potential – appreciating that local economic development is based on local initiative and driven by local stakeholders.

Thank you

**TC Makola**  
Municipal Manager

## CHAPTER 3

## Key Highlights 2006/2007

### 3.1. VUNA AWARDS

30 November 2006 NDM scooped a Provincial Vuna award in Graceland Casino in Secunda, Mpumalanga, which is under Gert Sibande District Municipality. NDM received a cheque of R750 000, a Certificate and a Vuna trophy. It then qualified for the national Vuna Awards which took place in Sandton. NDM retained its victory as a best district in the country which has gone beyond standards to give communities excellent services and good governance. It went away with a cheque of R2 Million, three certificates and two Vuna trophies.



Municipalities were assessed on five broad Key Performance Areas (KPA), service delivery, local economic development, municipal financial viability, municipal transformation and institutional development and good governance. These five KPAs are also addressed in the NDM IDP Document. Nkangala District was assessed in all



**NDM went away with a cheque of R2 Million, three certificates and two Vuna trophies.**



the KPAs hence it managed to win in all the categories unchallenged in the Province and Nationally.

Vuna Awards comes from the Nguni word – Vuna and translated into the English language, it simply means reaping what one sows. The Vuna Awards is an initiative established by the Department of Provincial and Local Government (DPLG in partnership with the Development Bank of South Africa (DBSA), National Productivity Institute (NPI) and South African Local Government Association SALGA).

### 3.2. STATE OF ENVIRONMENTAL REPORT (SOER)

The National Environmental Management Act (NEMA) provides us with a framework legislation to enable us to ensure that the environment is protected and managed in a sustainable manner. In terms of NEMA each and every organ of state, including municipalities, has an obligation to ensure that the environment is protected and that each and every citizen lives in an environmental that is not harmful to their health or well-being.

**NDM retained its victory** as a best district in the country which has gone beyond standards **to give communities excellent services and good governance.**

**Vuna Award**  
Nkangala District Municipality



Nkangala District Municipality (NDM) and Mpumalanga Department of Agriculture and Land Administration (DALA), joined hands to develop and launch a State of Environmental Report (SoER) for Nkangala District Municipality on the 14 September 2006. The State of Environmental Reporting is an emerging municipal

management tool designed to monitor and increase awareness of the current status, changes and trends of the local environmental conditions.

It is an important way of identifying, assessing and setting priorities for environmental issues, as well as in determining whether environmental

policies and actions are effective. The purpose of this report is therefore to support sustainable development decision making through the provision of credible environmental information, as well as to increase awareness and understanding of environmental trends and conditions.

### 3.3. WOMEN SUMMIT

The NDM convened the women's summit as a process to gather, concretize and consolidate the municipality's women's development and empowerment programme of action based on women's self-expressed developmental and empowerment needs and aspirations within the broader framework of accelerating and fast-tracking service delivery at local government levels. The summit was held at Nkangala District Municipal offices on the 06th – 07th October 2006.

#### The main objectives of the Summit were:

- To track and celebrate the successes of the NDM's Women's Development and Empowerment Programmes
- To Share and identify challenges faced in planning and implementing Women Development and Empowerment programmes in NDM.
- To evaluate NDM's programmatic impact and contribution to the improvement of the status of women in its region.
- To Collectively Strategize and Develop a Plan of Action to advance and strengthen implementation of the National Policy Frameworks and Guidelines, different provincial legislative prescripts and other relevant provisions with regard to Women's Development and Empowerment.
- To Identify areas for further interventions (capacity-building, support, etc.) to fast-track Women's Development and Empowerment in NDM.

**"Women seen in action through democratic local development."**



We continue to focus on service excellence in this second decade of democratic South Africa, bring an approach of working close with communities and business to build appropriate municipal-community partnerships.

### 3.4. MOLOTO CORRIDOR

The project commenced in October 2006 and is executed as a joint inter-governmental initiative consisting of the Department of Transport assisted by the SA Rail Commuter Corporation as the government's rail commuter agency; the Provincial Governments of Mpumalanga together with Nkangala District Municipality (as the main project principal), Limpopo and Gauteng; and on local government sphere the District Municipalities of Nkangala, Sekhukhune and Metsweding and Tshwane Metropolitan Municipality.

The Moloto Corridor is situated in the western regions of the Mpumalanga Province. Its name is derived from the R573 provincial road (the Moloto Road) which connects the main employment destinations within the Tshwane metropolitan areas with the rural communities situated in the Nkangala District (Thembisile and Dr JS Moroka) of Mpumalanga Province and some adjacent areas of the Sekhukhune District of Limpopo Province.

The Moloto Rail System came as a result of legacy problem that developed systematically over a long period in time in terms of the un-sustainability of transporting large numbers of people by bus over long distance with excessive travel times and high cost to both the

authorities and passengers; with associated pressures on road infrastructure, increasing traffic congestion in urban areas and road accidents with injuries and loss of life.

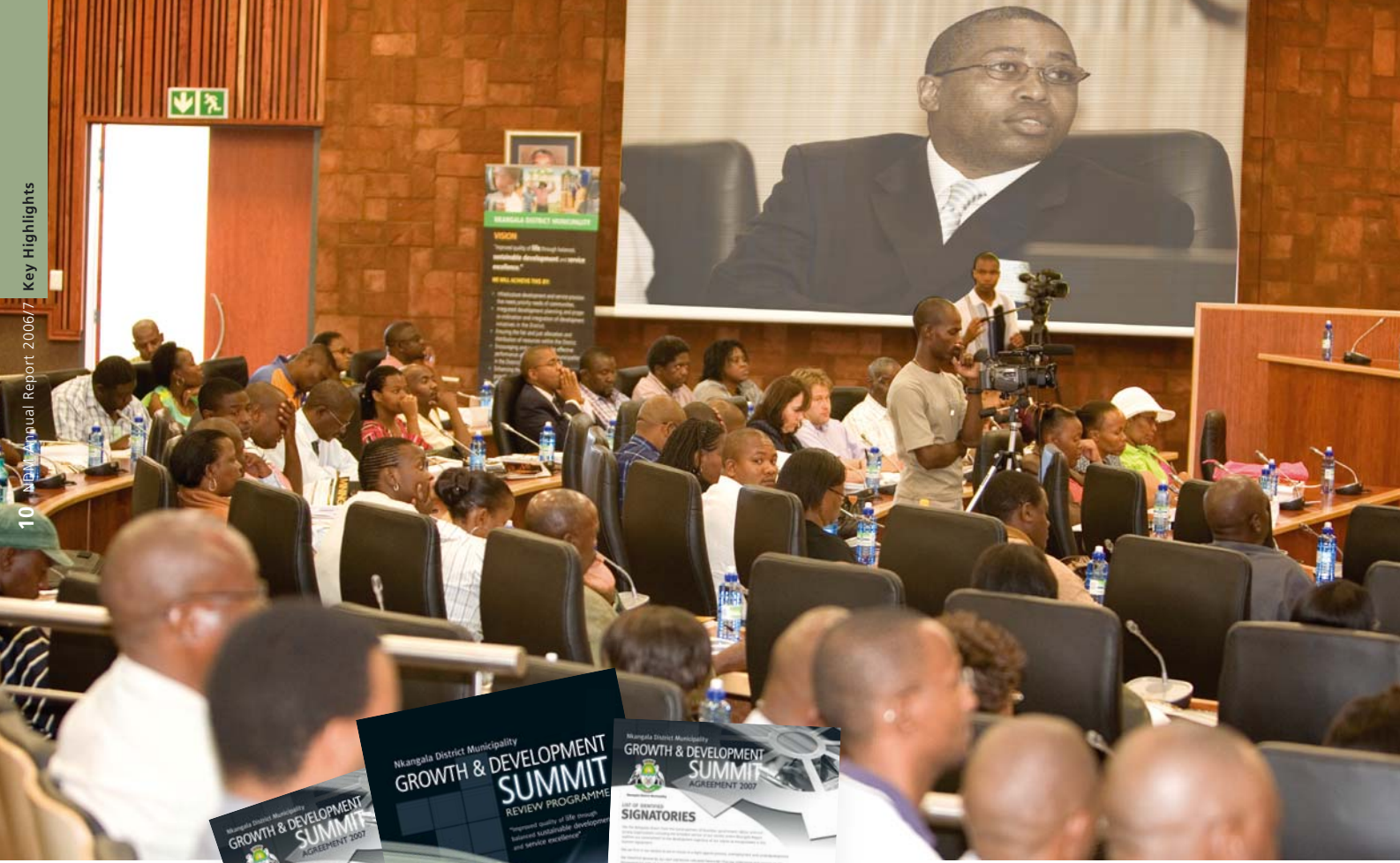
### 3.5. MINING INDABA

The mining indaba was successfully held in January 2007. The objectives of the Mining Indaba were:

- Ensure that government is committed to tackling the challenges of poverty and unemployment
- Ensure that the mining industry makes a meaningful contribution in terms of Corporate Social Responsibility (CSR), Social and Labour Plans (S&LPs), therefore plough back to community
- Ensure that the mining industry contributes to skills development
- Ensure that municipalities are aware of all impending mining rights, so as to plan for impending job and skills development opportunities that will arise from the mining projects
- Negotiate the revitalisation, re-use and rehabilitation as well as environmental adherence of mining land
- Engage the Department of Mineral and Energy with a view of obtain necessary information on mining rights issued in the area and including the lifespan of mining in the district
- Encourage the establishment of partnerships between stakeholders to ensure that the mining industry benefits the majority of the people within the NDM
- Support to small scale mining initiatives
- Encourage the mining industry to participate and commit in the forthcoming Growth and Development Summit
- Broad Based Black Economic Empowerment opportunities in mining
- Participation of communities in business start ups in the industry







“We therefore declare by our own signature indicated hereunder that we understand and commit to the developmental path of our region as summarized in this agreement”

**3.6. GROWTH AND DEVELOPMENT SUMMIT**

The Nkangala District Municipality (NDM) held its first Growth and Development Summit in May 2005. The Summit was successful in achieving broad commitments from the social partners - business, government, labour and the community – to define and implement initiatives toward accelerated growth and development and poverty reduction in the region.

The 2007 Summit came as a review summit and provided the social partners with the opportunity to reach broad agreement on a joint programme of action between the social partners to advance the following issues:-

- The implementation of a regional skills audit and gap analysis

- Programmes to facilitate skills development, skills transfer and learnerships
- Collaborative action towards the exploitation of the growth potential in the NDM
- The role of industry in commissioning research on sector growth and development trends, opportunities and constraints
- Programmes to enhance local procurement and Broad-Based Black Economic Empowerment (BBBEE)
- Enhanced programmes for developing a class of working youth
- Programmes to enhance the financial viability of the NDM

The NDM Growth and Development Summit Agreement was signed by the following stakeholders below with a commitment statement uttered as follows:

“We the delegates drawn from the social partners of business, government, labour and civil society organizations including the broadest section of our society within Nkangala Region reaffirm our commitment to the

development trajectory of our region as encapsulated in this Summit Agreement. We are firm in our resolve to act in unison in a fight against poverty, unemployment and underdevelopment. We therefore

declare by our own signatures indicated hereunder that we understand and commit to the developmental path of our region as summarized in this Agreement”.

We are firm in our resolve to act in unison in a fight against **poverty, unemployment and underdevelopment.**

“Executive Mayor of Nkangala, with the Executive mayor of Steve Tshwete & **business partners who signed the Summit Agreement.**”



### 3.7. TWINNING AGREEMENT

On the 19 to 23 March 2007 a delegation led by the Municipal Manager, Corporate Manager and the PA to the Executive Mayor of the Nkangala District Municipality (NDM) visited the Democratic Republic of Congo in the small Town of Likasi to investigate the possibilities of a twinning agreement between Nkangala District Municipality and the Town of Likasi. NDM was invited by the office of the Mayor (Bougmeestre in French) of Likasi. The invitation proposed for the establishment of an exchange programme which will focus on development in administration, agriculture, socio-culture and tourism.

During the engagements between NDM officials and Bougmeestre of Likasi, a framework on mutual co-operation was used by both representatives.

**It emerged that the following areas could be focal points for exchange programmes and mutual development:**

1. Institutional Development (training of municipal personnel);
2. Infrastructure and service delivery;
3. Local Economic Development;
4. Community participation;
5. Agriculture and Tourism Development; and
6. Good governance, HRD and human capacity.



## CHAPTER 4 Audited Financial Statements and Related Financial Information

The **FINANCE DEPARTMENT** is responsible for the management of the corporate financial affairs of the municipality and to ensure maximum utilisation of the available financial resources.

The department provides strategic financial management, is responsible for compiling the annual municipal budget and financial statements and maintaining an internal control system to ensure that accurate information about the municipality's financial position is available for internal and external role-players to take informed decisions.



The vision, mission, objectives and functions of the Finance Department support the following strategic focus areas of the Municipality as contained in the Integrated Development Plan:



### 4.1 FUNCTIONS OF THE DEPARTMENT

Treasury Management	Accounting Services	Revenue Management	Financial Management	Support Services
Insurance & risk management	Cash flow management	Credit control	Budget compilation	Programme management of People's Housing Project (PHP Verena & Rebone)
Loans & investments			Budget control & reporting	
Payroll	Cost accounting	Debt collection	Compilation of annual financial statements	
	Financial recording	Sundry debtors		
Asset management		RSC debtor collection		

**NDM retained its victory** as a best district in the country which has gone beyond standards

01 **Clr. B M Mothibi**  
MMC - Finance  
Nkangala District  
Municipality



02 **Mr H M Lala**  
Manager:  
Finance Department  
(CFO)

The mandate of the function is to collect RSC levy replacement grant and equitably redistribute such to local municipalities within the area of jurisdiction of the municipality, and in accordance with Council's criteria which is as follows:-

- Population 60%
- Levels of services 10%
- Performance & Capacity 10%

- Revenue 10%
- Historical Levels of payment 10%

#### 4.2. PERFORMANCE

The department has the following functions and the Service Delivery and Budget Implementation plan (SDBIP) where compiled taking these functions into account.

We are firm in our resolve to act in unison in a fight against **poverty, unemployment and underdevelopment.**

Treasury Management	Accounting Services	Revenue Management	Financial Management	Support Services
Insurance & risk management	Cash flow management	Credit control	Budget compilation	Programme management of People's Housing Project (PHP Verena & Rebone)
Loans & investments			Budget control & reporting	
Payroll	Cost accounting	Debt collection	Compilation of annual financial statements	
	Financial recording	Sundry debtors		
Asset management		RSC debtor collection		

Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>DEVELOPMENT IMPACT PERSPECTIVE</b>									
<b>Financial Management</b>	Budget	To compile a budget timetable	Budget timetable compiled and submitted to Council.	Council Records A	Approved budget timetable for 07/08	X			
		To submit a mid-year budget review	Mid-year budget review submitted to the Municipal Manager.	Council Records A	0%		X	X	
		Adjustment Budget	-	-	-			X	
		To compile the operating & capital budget in accordance with the IDP	First draft budget to Municipal Manager submitted	Council Records A	100%				X

Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>DEVELOPMENT IMPACT PERSPECTIVE cont.</b>									
<b>Integrated Development Planning</b>	Participation in the IDP Process	To participate in the IDP process of the NDM.	Report on financial implications on projects identified in the IDP submitted.	Council Records M	100%			X	
			Report on indicative figures to be allocated to local municipalities submitted	Council Records A	100%		X		
		To review Council's long term financial plan	Reviewed annual financial plan submitted.	Council Records A	100%			X	
			Reviewed long term financial plan	Council Records A	100%			X	
<b>RESOURCE MANAGEMENT PERSPECTIVE</b>									
<b>Revenue Management</b>	Revenue Collection	To ensure that maximum monies due to Council are collected	100 % Budgeted income collected	Trail Balance Q	100%	X	X	X	X
		To ensure that arrear levies are collected.	100% Reduction in outstanding levies.	Age Analysis Q	ZERO	X	X		
		To ensure proper close off of every RSC Levy Debtor account	Report submitted to council on all RSC Debtors closed	RSC Levy Debtor Ledger	RSC Levy Debtor Ledger as at 1 July 2006		X		
		To ensure that Council's Credit Control Policy is in line with the MFMA.	Reviewed Credit Control Policy submitted to Council	Council Resolution A	Current Credit Control Policy			X	



Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>RESOURCE MANAGEMENT PERSPECTIVE cont.</b>									
<b>Financial Management</b>	Expenditure Management	To ensure that the approved expenditure budget is not exceeded.	Budget control report submitted to Council	Council Records Q	100%	X	X	X	X
		To ensure alignment of capital budget spending to IDP (National KPI)	A report on actual spending in line with IDP submitted	Council Records & IDP Q	100%	X	X	X	X
		To put in place mechanisms to monitor timeous payment of creditors and project.	Report on claims paid as per council policy submitted.	Council Records Q	80%	X	X	X	X
	Supply Chain Management (SCM)	To ensure that Council's SCM policy is in line with the MFMA.	Reviewed SCM Policy submitted to Council	Council Resolution A	Current SCM Policy			X	
		To ensure that SCM Unit implements the SCM policy.	Regular reporting as provided for in legislation to Council	Council Approved	100%	X	X	X	X
	Cash & Investment Management	To ensure that an appropriate, effective cash management & investment policy is established.	Reviewed Cash & Investment Management Policy compiled and submitted to Council.	Council Records A	Current Invest-ment Policy		X		
		To ensure Council is able to meet its debt repayments	a) Timeous repayment of loans A = B - C D "A" represents debt coverage. "B" represents total operating revenue received.	Deposit Slips Q	1:9,65		1:02		1:02

Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>RESOURCE MANAGEMENT PERSPECTIVE cont.</b>									
<b>Financial Management cont.</b>	Cash & Investment Management	To ensure Council is able to meet its debt repayments	"C" represents operating grants. "D" represents debt service payments (i.e. interest plus redemption) due within the financial year.	Deposit Slips Q	1:9,65		1:02		1:02
			Semi-annually payments on loans made.	Deposit Slips BA	100%	- X	-	- X	-
		To maintain a healthy cash flow	Timeous repayment of creditors A = B+C D "A" represents cost coverage. "B" represents all available cash at a particular time. "C" represents investments. "D" represents monthly fixed operating expenditure	Financial Records Q	1:104,69		1:08		1:08
	Asset Management	To ensure that all assets of Council are accounted for.	An updated asset register compliant with legislation submitted	Council Records A	100% Asset Register as at 30/06/06				X
	Information System	To ensure that accurate financial information is provided for decision making	Accurate trial balance and debtors records produced and submitted	Council Records Q	- 100%	X	X	X	X
			Progress report on MFMA Implementation Plan compiled and submitted to Council	Council Records A	- MFMA	X	X	X	X
		To ensure that the MFMA is implemented	Primary bank account designated	Council Records A	-	X			

Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>RESOURCE MANAGEMENT PERSPECTIVE cont.</b>									
<b>Financial Management cont.</b>	Workplace Skills Plan	To submit skills need of finance staff to be included in the workplace skills plan of Council	Skills needs submitted to Manager Corporate Services	Council Records (memo) A	100%	X			
<b>GOVERNANCE PROCESS PERSPECTIVE</b>									
<b>Financial Management</b>	Financial Reporting	To ensure that all financial reports are submitted to Council	Submission of monthly financial reports as per MFMA to Council	Council Minutes M	100%	X	X	X	X
		To ensure that all financial reports are submitted to Council	Submission of monthly financial reports as per MFMA to Council	Council Minutes M	- 100%	X	X	X	X
			Submission of quarterly financial reports as per MFMA & Council policy to Council	Council Minutes Q	- 100%	X	X	X	X
			Submission of annually financial reports as per MFMA to Council.	Council Minutes A	- 100%				X
		To ensure that monthly reports are submitted in terms of DORA	Consolidated quarterly reports on the basis of monthly reports submitted	Council Records Q	- 100%	X	X	X	X
		To compile annual financial statements in accordance with legislation	Annual Financial statements completed and submitted for audit.	Council Records A	- 100%	X			
			Annual financial statements submitted to Council.	Council Records A	- 100%	X			

Priority Area	Performance Area	Objective	Indicators	Measurement Source	Baseline	2006		2007	
						30/9	31/12	31/3	30/6
<b>RESOURCE MANAGEMENT PERSPECTIVE cont.</b>									
<b>Financial Management cont.</b>		To submit Auditor-General report to Council to relevant authorities.	Report with recommendation to Council	Auditor General's Report & Council Records A	- 100%			X	
		Auditor General's office and Department of Local Government informed per notice of the meeting to table AG report	Council Records A	100%	-	-	- X	-	
		-	-	-	-				
		Report on spending patterns on projects submitted to Municipal Manager.	Council Records Q	- 0%	X	X	X	X	

**4.2.1. Local Government Finance Management Grant**

The purpose of this grant is to promote and support reforms to municipal financial management and to implement the Municipal Finance Management Act, Act 56 of 2003.

An amount of R500 000 was allocated to the district municipality by National Treasury.

The following projects were financed from this grant:

- VIP Salary system: Financial management reforms consultation on VIP.
- Training: Wits Business School: Certificate programmed in management development for managers.

- MFMA Compliance implementation plan risk management document compiled.
- Recruitment of the audit committee members.
- Munsoft classic municipal upgrade version 2i.

The NDM Growth and Development Summit visited the Democratic Republic of Congo in the small Town of Likasi to investigate the possibilities of a twinning agreement between Nkangala District Mun Bougmestre of Likasi, a

**4.2.2. Other projects**

The finance department established a district Finance Working Group / Chief Financial Officer (CFO) Forum where various item relating to local government finance are discussed and

networking is done. The CFO's of the district and the six local municipalities as well as representatives of provincial treasury, SALGA and DPLG is represented on these forums. Die forum meetings takes place every quarter.

The following projects were identified during these forums and will be addressed in the IDP 2007/2008:

- MPRA Implementation
- Establishment of a District Valuation Appeal Board
- Funding of Infrastructure maintenance Programs
- Revenue Collection
- Revenue enhancement
- Revenue enhancement
- Implementation of REDS
- Implementation of MFMA



# REPORT OF THE AUDITOR GENERAL

Report of the auditor-general to the mpumalanga provincial legislature on the **financial statements** and performance information of the nkangala district municipality for the **year ended 30 june 2007**



AUDITOR-GENERAL



AUDITOR-GENERAL

## Report on the Financial Statements

### Introduction

1. I have audited the accompanying financial statements of the Nkangala District Municipality (municipality) which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and the accounting officer's report, as set out on pages 33 to 89

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial

statements that are free from material misstatement, whether due to fraud or error

- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PM), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by the municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

### Opinion

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the Nkangala District Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting, determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the MFMA

**OTHER MATTERS**

11. I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

**Matters of governance**

12. A formal internal audit approach and methodology was not followed. Therefore internal audits were not performed on a risk-based audit operation plan in terms of section 165(2)(a) of the MFMA. Furthermore, the internal auditor did not effectively advise the accounting officer and report to the audit committee on the implementation of the internal audit plan as well as certain matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, and loss control; and compliance with the MFMA. the annual Division of Revenue Act and any other applicable legislation as required by section 165(2)(b) of the MFMA.

13. Although an audit committee existed, it had to serve the district municipality and six local municipalities in the district. The audit committee could therefore not effectively advise management and council on the following matters as prescribed in section 166 of the MFMA:

- accounting policies
- the adequacy, reliability and accuracy of financial reporting and information
- performance management and evaluation
- effective governance and compliance with the MFMA. the annual Division of Revenue Act and any other applicable legislation.

**Internal control**

14. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies exist in more than one control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information	Monitoring
governance (paragraph 12 & 13)				✓	✓

**Unaudited supplementary schedules**

15 The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on them.

be submitted for audit together with the financial statements within two months after the end of the financial year.

**Responsibility of the Auditor-General**

18. I conducted my engagement in accordance with section 13 of the PM read with General Notice 646 and section 45 of the MSA

**OTHER REPORTING RESPONSIBILITIES**

**Reporting on performance information**

16. I was engaged to audit the performance information.

19. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

**Responsibility of the accounting officer for the performance information**

17. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). Furthermore, in terms of clause 4 of General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007 (General Notice 646), the performance information should

20. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

**Audit findings (performance information) Internal auditing of performance measurements**

21. The municipality did not develop and implement mechanisms, systems and processes for the auditing and reporting of the

results of performance measurements as part of its internal auditing processes, in terms of section 45 of the MSA and regulation 14(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

#### **Existence and functioning of a performance audit committee**

**22.** The audit committee did not advise the municipal council on matters relating to performance management and performance evaluation, as required by section 166(2)(a)(v) and (viii) of the MFMA and regulation 14(4)(a) and (b) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

#### **Performance information not received in time**

**23.** I was not able to complete an evaluation of the consistency and quality of the performance information to be reported in the annual report, since this information was not available as required by clause 4 of General Notice 646.

#### **APPRECIATION**

**24.** The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

*Charles General*

Nelspruit  
30 November 2007



AUDITOR-GENERAL

# FINANCIAL STATEMENTS

## NKANGALA DISTRICT MUNICIPALITY Financial Statements 30 June 2007

The department provides strategic financial management, is responsible for compiling the annual municipal budget and financial statements and maintaining an internal control system to ensure that accurate information about the municipality's financial position is available for internal and external role-players to take informed decisions.





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Improved **quality of life** through  
**balanced, sustainable development**  
**and service excellence**

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# General Information

## MEMBERS OF THE MAYORAL COMMITTEE

Councillor	S K Mashilo	Executive Mayor
Councillor	N Mtsweni	Member of the Mayoral Committee
Councillor	S A Malefo	Member of the Mayoral Committee
Councillor	B M Mothibi	Member of the Mayoral Committee
Councillor	J L Dikgale	Member of the Mayoral Committee
Councillor	E N Makhabane	Member of the Mayoral Committee
Councillor	T Maseko	Member of the Mayoral Committee

## Grading of Local Authority

Grade 9  
Auditors

The Auditor-General  
Bankers

ABSA Bank Middelburg  
Primary Bank Account

Name of Bank: ABSA  
Account No: 1040 161 836  
Branch Code: 334350  
Type of Acc: Current Account  
Registered Office

2A Church Street, Middelburg, 1050

Mr T C Makola  
Municipal Manager/Accounting Officer

Mr H M Lala  
Manager: Finance/Chief Financial Officer

## Executive Mayor's Foreword

On the 1st of March 2006, South Africa conducted the third democratic local government elections. The voters elected the public representative's of their choice, and thus gave meaning to the noble principal of making local government plan working better for all.

Those of us who are deployed in local government structures since are conscious of the principle that says "the people shall govern". To this end, Nkangala District Municipality had and will continuously interact with communities and other stakeholders through amongst others the IDP and Budget processes. The District Municipality is faced with many challenges and backlogs but it has recorded significant progress. Grants to Local Municipalities had increased though we are finding creative ways of increasing spending on infrastructure.

We are committed to and our budget priorities are:

- To continue with EPWP budgeted at R57,6million for the 2006/07 financial year;
- To contribute in finding a suitable alternative for the replacement of RSC levies;
- To contribute in finding a suitable alternative for the replacement of RSC levies;

- To deal with water and sanitation projects;
- To contribute with the implementation or finding of resources for the implementation of anchor projects as contained in our LED Strategy.

Our Fitch Rating, which is an international ranking is at BBB+, which therefore confirm our good financial management and adherence to good governance.

Having won the Vuna Awards Competition and the ZK Mathews Award respectively bestowed on us by the National Department of Local Government and the Executive Committee of the ANC in 2004, we therefore commit ourselves to continue serving our people unselfishly. To this end we shall strive to attain our vision of an "Improved quality of life through balances, sustainable development and service excellence."

As required by legislation and government policies, Nkangala District Municipality wish to present this report for the period between 1 July 2006 to 30th June 2007. These financial statements are made available to members of the communities, stakeholders and South Africans in general, to enhance participatory democracy, and thus adding impetus on the "People's contract for a better life for all."

Our Fitch Rating, which is an international ranking is at **BBB+**, which therefore confirm **our good financial management and adherence to good governance.**

Our people have trust in our elected public representatives and officials and we thus collectively aim to serve their needs and aspirations which they raised prior elections and during our IDP Outreach meetings.

I wish to thank all the Members of the Mayoral Committees, Councillors, the Municipal Manager and his staff for the efficient and effective way in managing the affairs of the Nkangala District Municipality. Our people must continue their participation in the Local Government. On behalf of Nkangala District Municipality I thank all stakeholders for their participation in the Integrated Development Plan IDP and Budgetary processes.

I thank you!

The noble principle from the Freedom Charter **"The people shall govern" is thereby expressed.**

**Cllr SK Mashilo**  
Executive Mayor  
Nkangala District Municipality



## Report Of The Manager: Finance

### Revenue

Total Revenue for the year under review is R212 422 453 compared to R235 928 418 for the previous financial year.

The reason for this decline of 9,9% is that during the 2005/2006 financial the municipality received a grant of R33 232 418 for the Municipal Infrastructure Grant (MIG). This grant was for infrastructure projects in local municipalities. Subsequently the MIG is remitted directly to local municipalities.

Primary sources of revenue include the "Replacement of RSC levy Grant" of R187 628 982. This grant is in terms of

Interest received on investments in call and fixed deposits increased from **R7 373 620 to R10 606 750** in the year under reviews.

the Division of Revenue Act and is intended to provide temporary replacement of the RSC levies that were abolished in July 2006.

Interest received on investments in call and fixed deposits increased from R7 373 620 to R10 606 750 in the year under reviews. Improved cash management and attractive interest rates can be attributed to this improvement.

Collection of arrear RSC levies account for R3 745 921. Legislation provides for the collection of arrear levies prior to 1 July 2006 and this window of opportunity is available until June 2008.

Other income represents an amount of R3 455 959 received as penalty due to late completion from the main contractor of the office building. The other amounts include tender deposits and rental of office facilities.

### Expenditure

Expenditure amounts to R186 573 607 compared to the corresponding period

last year of R227 771 312.

Main drivers of expenditures are Grants to Local municipalities amounting to R133 932 364 (2006: R137 453 533). This represents investment in infrastructure projects at local municipalities.

Staff related cost is R24 204 375 (2006: R22 204 492) and represents 24,6% of the total expenditure. Remuneration of councillors amounts to R5 124 542 (2006: R4 974 681) and is paid in accordance with the "Determination of upper limits of councillors allowances".

Bad debts represent levy payers for whom provisional assessments have been raised and have subsequently ceased to trade. This increased to R1 884 740 from R203 292.

Collection costs represents commissions paid to the service provider for the tracing of unregistered levy payers and collection of arrear levies. Due to the abolishment of the RSC levies this has decreased by 46% to R220 242.

Depreciation increased by 73% to R1 915 869 mainly due to depreciation for a full financial year on the office building and its contents. Interest paid declined from R4 008 026 (2006) to R3 810 109 due to the reduction in the balance outstanding. The municipality has two loans viz INCA for the financing of the office building and DBSA for infrastructure programme.



**Good Governance, sound financial management and financial viability** remain critical success factors for the municipality.

**Mr H M Lala**  
Manager:  
Finance Department (CFO)

General expenses declined from R 13 318 208 by 33% mainly due to savings on office rentals paid. Loss on disposal of property plant and equipment represents the assets transferred to Dr. J. S. Moroka Municipality for the Mdala DMA as a result of a re-demarcation of the DMA AREA. This accounting loss is treated in terms of GAMAP 17.

The overall performance is described as good with a need to improve spending on grants to local municipalities.

### Financial Position

Financial position represents the financial strength of the municipality by a comparison of assets over liabilities. Total assets of the municipality improved by R 10 621 282 to R315 353 929.

Major contributions to total assets are an increase in call investments deposits and bank balances and cash. This can be attributed to the slower rate of spending on projects. Included in non-current assets is a long term investment due to mature during December 2007 and the estimated proceeds are R32 878 542. With the abolishment of RSC levies RSC levy debtors are discontinued.

### Liabilities

Long-term liabilities represent the INCA and DBSA loan and this declined from R70 453 227 to R64 828 27. No new loans have been taken up.

### Current Liabilities

#### Key Ratios

**CURRENT RATIO:** This represents the ability of the municipality to pay its short-term obligations within the next 12 months.

R	R		
CURRENT ASSETS	CURRENT LIABILITIES		
99 405 665	53 994 414	1,84	-2006
204 802 582	45 327 232	4,52	-2007
40 135 000	22 086 000	1,88	(Benchmark Statssa)

eral expenses declined from R 13 318 208 by 33% mainly due to savings on office rentals paid. Loss on disposal of property plant and equipment represents the assets transferred

The national benchmark as per financial census of municipalities for the year ended 30 June 2006 is 1, 8. The municipality's current ratio improved from 1,84 to 4,52 which means the value of current assets is 4,52 times more than current obligation.

### Solvency

This represents the ability of the municipality to pay both its long term and short-term obligations.

R		R		
TOTAL ASSETS		TOTAL LIABILITIES		
216 273 415	÷	124 449 636	= 1,74	-2006
315 353 929	÷	110 155 499	= 2,86	-2007
136 820 000	÷	58 707 000	= 2,33	(Benchmark Statssa)

The national benchmark as per financial census of municipalities for the year ended 30 June 2006 is 2, 33 times. The municipality's solvency ratio improved from 1, 74 times to 2, 86 times. This improvement is also above the national benchmark of 2, 33 times.

### Credit Rating

The municipality was rated by the international rating agency Fitch Ratings as follows:

Financial position represents the financial strength of the municipality by a comparison of assets over liabilities. Total assets of the municipality improved by **R 10 621 282 to R315 353 929.**

### International Rating Scale:

#### BBB+ =

"Good credit quality as there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity." The '+' means that the direction of the rating is more towards the A rating category.

### National Rating Scale:

#### A + =

"High credit quality. "A" ratings expectation of low credit risk. The Capacity for payment of financial commitments is considered strong. This capacity may, nevertheless be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

A summary of international comparisons.

Nkangala District Municipality		Bucharest (Romania)	Istanbul (Turkey)	Katowice (Poland)	Blagoevgrad (Bulgaria)	Moscow (Russia)	GHB/Aubagne (France)
Rating/Outlook	(BBB+/Stable)	(BBB-/Stable)	(BB-/Positive)	(BBB+/Positive0)	(BBB/Stable)	(BBB+/Stable)	BBB+/Positive

**Good Governance, sound financial management and financial viability** remain critical success factors for the municipality.

#### Vuna Awards

The Municipality has been awarded the 1st position of the 2006 National Vuna Awards for Category C Municipalities. Included in the assessment criteria is "Municipal Financial Viability."

#### GRAP Compliance

These annual financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) together with Government notice No 522 dated 22 June 2007 regarding "Local Government: Municipal Finance management Act, 2003: Exemptions" read together with Circular 44 dated 25 July 2007 issued by National Treasury.

As a high capacity municipality the municipality has opted to take advantages of the total exemption granted to Gazette 30013 (Regulation 522).

Taking advantage of the exemption means that a municipality need not fully comply with GAMAP 6,7 and 8. However the following paragraphs in these standards have not been exempted and must be applied:

GAMAP 6 paragraph 38; 40 and 43 (c)  
GAMAP 7 paragraph 18; 31(b) and 31 (c)  
GAMAP 8 paragraph 40 and 44.

	BENCHMARK	NKANGALA DISTRICT MUNICIPALITY
	%	%
Operating Expenditure		
Salaries, Wages & Allowances	26,6	13
Electricity bulk purchases	0,15	n/a
Water Bulk purchases	2,66	n/a
Repairs & maintenance	4,44	0,23
Other	66,09	86,80
	100,00	100,00
Revenue		
RSC levies	0,00	2
Property Rates	0,04	n/a
Electricity	0,11	n/a
Water	7,86	n/a
Subsidies/Grants	76,82	90
Other	15,16	8
	100,00	100

Source: Local Government Budgets and Expenditure Review: 2002/2002 – 2007/2008: National Treasury October 2006).

#### Conclusion

Good Governance, sound financial management and financial viability remain critical success factors for the municipality. Engagement with various stakeholders on the options on the replacement of RSC levies remain a priority for the municipality.

#### Acknowledgement

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee and Councillors for the strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of

Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support and especially for their role in winning the 2006 Vuna Award.

Thank you



H M LALA  
MANAGER: FINANCE  
(B.COMPT, MBA, ND VALUATION:  
FIMFO)

# Accounting Policies To The Annual Financial Statements For The Year Ended 30 June 2007

## 1. BASIS OF PREPARATION

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

- Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;
- Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;
- Government Notice 522 of 2007, issued in Government Gazette no. 30013 of 29 June 2007.

policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes of the annual financial statements.

A summary of the significant accounting policies, which have been consistently

## 3. GOING CONCERN ASSUMPTION

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

## 4. RESERVES

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

### 4.1 Capitalisation Reserve - Future Depreciation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Future Depreciation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Future Depreciation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a

## The Standards comprise of the following:

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

GAMAP 6,7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting

applied except where an exemption has been granted, are disclosed below.

## 2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

transfer is made from the Future Depreciation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Future Depreciation Reserve relating to such item is transferred to the accumulated surplus.

#### 4.2 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

#### 4.3 Donations and Public Contributions Reserve – Future Depreciation Reserve

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

National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

#### 5. PROPERTY, PLANT & EQUIPMENT

The municipality has taken the advantage of the transitional provision in GAMAP 17 paragraph.86. An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimate cost of dismantling the asset and restoring the site to the

extent that it is recognised as a provision.

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

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods shall be adjusted. The useful lives and depreciation methods was not reviewed in the previous and current financial years as required by GAMAP 17 as these requirements have been exempted in terms of government notice 552 of 2007.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairment testing on assets was not performed by the municipality in the previous and current financial years as required by GAMAP 17 as these requirements have been exempted in terms of government notice 552 of 2007.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:- The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales



DETAILS	YEAR	DETAILS	YEARS
Infrastructure		Other	
Electricity		Buildings	30
Supply & Reticulation	20	Office Equipment	
Roads		Computer Hardware	5
Roads	10	Computer Software	3
Bridges	30	Office Machines	3
Sewerage		Air Conditioners	5
Sewers	20	Furniture & Fittings	
Water		Chairs	7
Supply & reticulation	20	Tables/Desks	7
Reservoirs & tanks	20	Cabinets/Cupboards	7
Pumps	15	Miscellaneous	7
		Emergency Equipment	
		Fire	15
		Ambulances	5
Community Assets		Fire hoses	5
Buildings		Emergency Lights	5
Clinics	30	Plant & Equipment	
Parks	30	General	5
Community Centres	30	Telecommunication equipment	5
Recreational Facilities		Radio	5
Fire Breaks	20	Vehicles	
		Fire Engines	20
		Motor Vehicles	5
		Bakkies	5

proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 6. FINANCIAL INSTRUMENTS

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

Financial instruments include cash and bank balance, investments, trade receivables and borrowings.

The municipality classifies its financial assets as loans and receivables.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairment testing on financial instruments was not performed by the municipality in the previous and current financial years as required by IAS 39 as these requirements have been exempted in terms of government notice 552 of 2007

### 6.1 Loans and receivables:

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

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

#### 6.1.1 Accounts Receivable

Trade and other receivables are recognised initially fair value and

subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

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

### 6.2 Financial liabilities

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

### 6.3 Gains and losses

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

### 6.4 Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method. The requirement of IAS 39, 43, AG64, AG65, AG79 and SAICA Circular 9 that financial instruments should initially be measured at fair value has been exempted in terms of General notice 552 of 2007 and was not applied in the previous and current financial statements.

### 7. TRADE CREDITORS

Trade creditors are recognized initially at fair value and subsequently

measured at amortized cost using the effective interest method. Trade creditors was not recognised initially at fair value by the municipality in the previous and current financial years as required as these requirements have been exempted in terms of government notice 552 of 2007

### 8. REVENUE RECOGNITION

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

#### *Rendering of service:*

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the reporting date. The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

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

#### *Government Grants:*

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

Government grants are recognised as revenue when:

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

Other grants and donations received: Other grants and donations shall be recognised as revenue when:

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

#### *Levies:*

Levies shall be recognised as revenue when:

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

#### *Interest:*

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

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

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

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

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

Revenue for the current and prior financial year was initially recognised at cost. The requirement of GAMAP 9.12 and SAICA circular 9/06 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in terms of General Notice 552 of 2007.

#### 9. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

#### 10. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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

#### 11. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 12. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 13. FRUITLESS AND WASTEFUL EXPENDITURE

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

#### 14. COMPARATIVE INFORMATION

##### 14.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

##### 14.2 Prior year comparatives:

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

#### 15. RETIREMENT BENEFITS

##### (i) Defined contribution plans:

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

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

##### (ii) Defined benefit plans

a. Post employment medical care benefits:

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

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

**16. BORROWING COSTS**

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

**17. EVENTS AFTER BALANCE SHEET DATE**

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

**18. LEASES:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-lined basis over the lease period.

Operating leases were not recognised on a straight-lined basis over the lease period and was expensed at cost as a general expense as these requirements have been exempted in terms of government notice 552 of 2007

**19. INVENTORY:**

Infrastructure projects not fully completed by the municipality are disclosed in terms of GAMAP 12 and disclosed as work in progress at the cost based on the stage of completion as it will be transferred to local municipalities upon completion.





## Statements Of Financial Positions At June 2007

	Note	2007 R	2006 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>205,198,470</b>	<b>179,394,923</b>
Government grant reserve future depreciation reserve		150,440	195,739
Donations and public contribution future depreciation reserves		300,000	300,000
Accumulated Surplus/(Deficit)		204,748,030	178,899,184
<b>Non-current liabilities</b>		<b>67,910,601</b>	<b>73,075,374</b>
Long-term liabilities	1	64,828,227	70,453,222
Non-current provisions	2	3,082,374	2,622,152
<b>Current liabilities</b>		<b>42,244,859</b>	<b>52,262,370</b>
Creditors -Retention	3	11,840,460	22,193,409
Provisions	4	1,707,475	1,438,214
Creditors	5	21,535,462	21,726,368
Unspent conditional grants and receipts	6	1,624,756	2,644,284
Current portion of long-term liabilities	1	5,536,705	4,260,095
<b>Total Net Assets and Liabilities</b>		<b>315,353,929</b>	<b>304,732,667</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>110,551,347</b>	<b>116,867,751</b>
Property, plant and equipment	8	75,960,380	82,153,760
Investments	9	34,500,000	34,500,000
Long-term receivables	10	90,967	213,991
<b>Current assets</b>		<b>204,802,582</b>	<b>187,864,916</b>
VAT 7		1,582,126	1,751,108
Inventory	11	58,731,061	88,459,251
RSC Levy debtors	12	-	18,471,591
Other debtors	13	5,253,613	8,327,917
Grants Receivable from other spheres of Government	14	3,252,987	3,231,090
Current portion of long-term debtors	10	93,046	256,596
Call investment deposits	15	127,940,277	63,695,515
Bank balances and cash	16	7,949,472	3,671,848
<b>Total Assets</b>		<b>315,353,929</b>	<b>304,732,667</b>

## Statements Of Financial Performance For The Year Ended 30th June 2007

	Note	2007 R	2006 R
<b>REVENUE</b>			
1,500,000 RSC - Regional Services - Turnover		2,697,113	139,393,252
500,000 RSC - Regional Services -Remuneration		1,048,808	44,271,091
- Rental of facilities and equipment		50	-
5,250,000 Interest earned - external investments		10,606,756	7,373,620
660,000 Interest earned - outstanding debtors		1,173,314	1,431,763
1,470,062 Income for agency services/ donars		277,462	255,000
192,330,571 Government grants and subsidies	17	192,218,476	41,535,041
1,550,000 Other income	18	4,400,474	1,668,651
<b>203,260,633</b>	<b>Total Revenue</b>	<b>212,422,453</b>	<b>235,928,418</b>
<b>EXPENDITURE</b>			
33,876,904 Employee related costs	19	24,204,375	22,209,492
7,374,457 Remuneration of Councillors	20	5,124,542	4,974,681
2,000,000 Bad debts		1,884,740	203,292
250,000 Collection costs		220,242	409,232
2,440,000 Depreciation		1,915,869	516,905
573,500 Repairs and maintenance		421,428	489,064
3,876,015 Interest paid	21	3,810,109	4,008,026
208,990,952 Grants and subsidies paid	22	134,911,675	181,642,412
26,310,626 General expenses	23	8,867,184	13,318,208
- Loss on disposal of property, plant and equipment		5,213,442	-
<b>285,692,454</b>	<b>Total Expenditure</b>	<b>186,573,607</b>	<b>227,771,312</b>
<b>(82,431,821)</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>25,848,847</b>	<b>8,157,106</b>

Refer to Appendix E(1) for the comparison with the approved budget

## STATEMENT OF CHANGES IN NET ASSETS for the year ended 30th June 2007

	Note	Government Grant Reserve  R	Donations and Public Contribution Reserve  R	Accumulated Surplus/ (Deficit) Work in progress	Accumulated Surplus/ (Deficit)  R	Total  R
<b>2006</b>						
Balance at 1 July 2005	-	195,739.00	300,000	-	178,899,183	179,394,922
Implementation of GAMAP (Note 24)	-	-	-	76,795,094	(76,795,094)	-
Restated balance	-	195,739.00	300,000	76,795,094	102,104,089	179,394,922
Surplus/(deficit) for the year					-	-
Work in progress complete				(76,795,094)	76,795,094	-
Carry over to work in progress				88,459,251	(88,459,251)	-
<b>Balance at 30 June 2006</b>	<b>-</b>	<b>195,739</b>	<b>300,000</b>	<b>88,459,251</b>	<b>90,439,932</b>	<b>179,394,922</b>
<b>2007</b>						
Restated balance	-	195,739.00	300,000	88,459,251	90,439,932	179,394,922
Surplus/(deficit) for the year					25,848,847	25,848,847
Work in progress complete				88,459,251	88,459,251	-
Carry over to work in progress				58,731,061	(58,731,061)	-
Offsetting of depreciation		(45,299.19)	-		-	(45,299)
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>150,440</b>	<b>300,000</b>	<b>58,731,061</b>	<b>146,016,968</b>	<b>205,198,469</b>



## CASH FLOW STATEMENT for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		212,422,453	342,018,526
Cash paid to suppliers and employees		(146,663,437)	(360,952,890)
Cash generated from/(utilised in) operations	25	65,759,017	(18,934,364)
Interest received		11,780,070	9,093,800
Interest paid		(3,810,109)	(4,008,026)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>73,728,977</b>	<b>(13,848,590)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(981,230)	(37,664,761)
Proceeds on disposal of property, plant and equipment		-	-
Decrease in non-current receivables		123,024	500,722
Increase in non-current investments		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(858,207)</b>	<b>(37,164,039)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(4,348,385)	(4,218,939)
Increase in consumer deposits			
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(4,348,385)</b>	<b>(4,218,939)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>68,522,386</b>	<b>(55,231,568)</b>
Cash and cash equivalents at the beginning of the year		67,367,364	122,598,932
Cash and cash equivalents at the end of the year	26	135,889,749	67,367,364

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>1 LONG-TERM LIABILITIES</b>			
Local Registered Stock Loans			-
Annuity Loans		70,364,932	74,713,317
Government Loans : Other		-	-
Sub-total		70,364,932	74,713,317
Less : Current portion transferred to current liabilities		(5,536,705)	(4,260,095)
Local Registered Stock Loans		-	-
Annuity Loans		(5,536,705)	(4,260,095)
Government Loans : Other		-	-
<b>Total External Loans</b>		<b>64,828,227</b>	<b>70,453,222</b>
Refer to Appendix A for more detail on long-term liabilities.			
<b>2 NON-CURRENT PROVISIONS</b>			
Post employment Medical Aid benefit		(1,746,826)	(845,758)
Leave		(1,335,548)	(1,776,394)
<b>Total Non-Current Provisions</b>		<b>(3,082,374)</b>	<b>(2,622,152)</b>
<p>Leave is accumulated monthly. The provision is an estimate of the leave based on historical staff turnover. The post employment medical aid benefit is provided for ex retired employees and their legitimate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the balance sheet date. The provision is phased in over a five year period starting from the 2005/2006 financial year.</p> <p>Actuarial gains and losses are based managements estimates</p> <p>The movement in the non-current provision is reconciled as follows: -</p>			
Balance at beginning of year		(2,622,152)	-
Contributions to provision		-	(3,064,352)
Expenditure incurred		-	-
Increase in provision due to discounting		-	-
Transfer to current provisions		(460,222)	442,200
<b>Balance at end of year</b>		<b>(3,082,374)</b>	<b>(2,622,152)</b>

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>3 CREDITORS -RETENTION</b>			
Retention		11,840,460	22,193,409
<b>Total Retention</b>		<b>11,840,460</b>	<b>22,193,409</b>
<b>Guarantees held in lieu of Retention</b>		<b>10,164,871</b>	<b>19,018,375</b>
<b>4 PROVISIONS</b>			
Performance bonus		(1,236,215)	(996,014)
Leave		(422,012)	(399,850)
Post employment Medical Aid benefit		(49,248)	(42,350)
Current portion of long-service provision (see note 2 above)		-	-
<b>Total Provisions</b>		<b>(1,707,475)</b>	<b>(1,438,214)</b>
Performance bonuses are paid one year in arrear and are provided at a 100% rate.			
The movement in current provisions are reconciled as follows: -			
<b>Performance Bonus</b>			
Balance at beginning of year		(996,014)	(1,133,027)
Transfer from non-current		-	-
Contributions to provision		(1,236,215)	(420,349)
Expenditure incurred		996,014	557,361
<b>Balance at end of year</b>		<b>(1,236,215)</b>	<b>(996,014)</b>
<b>Leave</b>			
Balance at beginning of year		(399,850)	-
Transfer from non-current		(440,846)	-
Contributions to provision		(397,958)	(399,850)
Expenditure incurred		816,641	-
<b>Balance at end of year</b>		<b>(422,012)</b>	<b>(399,850)</b>
<b>Medical Aid Ex Employees</b>			
Balance at beginning of year		(42,350)	-
Transfer from non-current		901,068	(42,350)
Contributions to provision		(932,966)	-
Expenditure incurred		25,000	-
<b>Balance at end of year</b>		<b>(49,248)</b>	<b>(42,350)</b>

## Notes to the financial statements for the year ended 30th June 2007

	Note	2007 R	2006 R
<b>5 CREDITORS</b>			
Trade creditors		(21,125,250)	(20,135,459)
Payments received in advance		(5,415)	(678,923)
Other creditors		(404,797)	(911,986)
		<b>(21,535,462)</b>	<b>(21,726,368)</b>
<b>6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>			
<b>6.1 Conditional Grants from other spheres of Government</b>			
Fire		1,413,624	(2,644,284)
MSIG		729,666	(729,666)
MIG		683,958	(1,195,225)
FMG			(701,850)
			(17,543)
Provincial		-	-
<b>6.2 Other Conditional Receipts</b>			
DBSA		211,132	-
		211,132	-
		<b>1,624,756</b>	<b>(2,644,284)</b>
<b>Total Conditional Grants and Receipts</b>			
See Note 16 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.			
<b>7 VAT</b>			
VAT (payable)/ receivable		<b>1,582,126</b>	<b>1,751,108</b>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.			

## 8 PROPERTY, PLANT AND EQUIPMENT 30th June 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying values	68,014,080	4,459,956	124,479	-	9,555,244	
Cost	68,040,047	4,481,026	125,000	-	11,929,828	84,575,901
Correction of error ( note 27)	-	-	-	-	-	-
Accumulated depreciation	(25,967)	(21,070)	(521)	-	(2,374,584)	(2,422,141)

## Notes to the financial statements for the year ended 30th June 2007

### 8 PROPERTY, PLANT AND EQUIPMENT 30th June 2007 (Continued)

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Acquisitions	-	-	5,633	-	998,478	1,004,111
Capital under Construction	(22,880)	-	-	-	-	(22,880)
Depreciation	(12,983)	(133,919)	(3,462)	-	(1,808,527)	(1,958,892)
<b>Carrying value of disposals</b>	<b>(740,832)</b>	<b>(4,326,038)</b>	<b>(121,354)</b>	<b>-</b>	<b>(27,495)</b>	<b>(5,215,719)</b>
<b>Cost</b>	<b>(779,782)</b>	<b>(4,481,026)</b>	<b>(125,000)</b>	<b>-</b>	<b>(491,809)</b>	<b>(5,877,617)</b>
<i>Accumulated depreciation</i>	<i>38,950</i>	<i>154,988</i>	<i>3,646</i>	<i>-</i>	<i>464,314</i>	<i>661,898</i>
Impairment losses	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values</b>	<b>67,237,385</b>	<b>-</b>	<b>5,295</b>	<b>-</b>	<b>8,717,699</b>	<b>75,960,380</b>
<b>AT 30 JUNE 2007</b>						
<b>Cost</b>	<b>67,237,385</b>	<b>-</b>	<b>5,633</b>	<b>-</b>	<b>12,436,496</b>	<b>79,679,514</b>
<i>Accumulated depreciation</i>	<i>-</i>	<i>-</i>	<i>(337)</i>	<i>-</i>	<i>(3,718,797)</i>	<i>(3,719,134)</i>
<b>30-JUN-06</b>						
<b>Carrying values</b>						
<b>at 1 July 2005</b>	<b>43,531,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,781,792</b>	<b>45,313,358</b>
Cost	43,533,731	-	-	-	3,938,591	47,472,322
Accumulated depreciation	(2,164)	-	-	-	(2,156,799)	(2,158,963)
Acquisitions	-	4,481,026	125,000	-	8,552,419	13,158,445
Capital under construction	24,506,316	-	-	-	-	24,506,316
Depreciation	(23,803)	(21,070)	(521)	(588,960)	(634,353)	-
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190,006)</b>	<b>(561,182)</b>
Cost/revaluation	-	-	-	-	(561,182)	(561,182)
<i>Accumulated depreciation</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>371,176</i>	<i>371,176</i>
Impairment losses	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>at 30 June 2006</b>	<b>68,014,080</b>	<b>4,459,956</b>	<b>124,479</b>	<b>-</b>	<b>9,555,244</b>	<b>82,153,760</b>
Cost	68,040,047	4,481,026	125,000	-	11,929,828	84,575,901

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>9 INVESTMENTS</b>			
<b>Financial Instruments</b>			
Long Term Investments - at cost		<b>34,500,000</b>	<b>34,500,000</b>
	<b>Cost</b>	<b>Guaranteed Value</b>	<b>Guaranteed Value</b>
Momentum - Policy	R20 000 000	27,044,269	32 878 542
Nedbank Investment	R10 000 000	13,967,947	16 909 620
Investec	R2 000 000	4,440,682	3 000 945
Investec	R2 500 000	4,437,885	3 000 000
<b>Total</b>	<b>R34 500 000</b>	<b>49,890,783</b>	<b>55 789 107</b>

### Pledged Investments

A Long Term Investment of R2.5 million has been pledged as security to the Development Bank of South Africa for a loan of R46 050 523.41

### Guaranteed Value

The guaranteed value of the investments amounts to R55 789 107

## 10 LONG-TERM RECEIVABLES

Car loans	184,013	470,587
	184,013	470,587
Less : Current portion transferred to current receivables	(93,046)	(256,596)
Car loans	(93,046)	(256,596)
<b>Total</b>	<b>90,967</b>	<b>213,991</b>

### CAR LOANS

Senior staff were entitled to car loans which attract interest at rates between 8% and 8.5% per annum and are repayable over periods between 42 months and 72 months. The last loan will be repaid in February 2009. The Municipal Finance Management Act forbid any further loans to employees and councillors and no new loans will be granted to anyone.

## 11 INVENTORY

Projects - Work in progress	58,731,061	88,459,251
<b>Total Inventory</b>	<b>58,731,061</b>	<b>88,459,251</b>

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>12 RSC DEBTORS</b>			
		<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
		<b>R</b>	<b>R</b>
<b>As at 30 June 2007</b>			<b>Net Balance</b>
			<b>R</b>
Service debtors			
Levy Debtors		2,686,825	(2,686,825)
<b>Total</b>		<b>2,686,825</b>	<b>(2,686,825)</b>
<b>Rates: Ageing</b>			
Current (0 – 30 days)		-	16,038,608
31 - 60 Days		-	-
61 - 90 Days		-	-
91 - 120 Days		-	-
121 - 365 Days		2,686,825	3,243,976
+ 365 Days		-	-
Provision for Bad Debts		(2,686,825)	(810,994)
<b>Total</b>		<b>-</b>	<b>18,471,591</b>
<b>Reconciliation of the bad debt provision</b>			
Balance at beginning of the year		810,994	650,207
Contributions to provision		1,881,122	385,923
Bad debts written off against provision		(5,292)	(225,135)
Reversal of provision		-	-
<b>Balance at end of year</b>		<b>2,686,825</b>	<b>810,994</b>
<b>13 OTHER DEBTORS</b>			
		<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
		<b>R</b>	<b>R</b>
<b>As at 30 June 2007</b>			<b>Net Balance</b>
			<b>R</b>
Sundry Debtors			
Ogies Local Municipality		4,061,549	-
Department of Health		5,284,639	(5,284,639)
Other		1,246,618	(54,554)
<b>Total</b>		<b>10,592,805</b>	<b>(5,339,193)</b>
<b>Rates: Ageing</b>			
Current (0 – 30 days)		1,187,458	1,208,037
31 - 60 Days		42,990	73,286
61 - 90 Days		40,601	60,131
91 - 120 Days		40,230	90,414
121 - 365 Days		44,345	63,599
+ 365 Days		9,237,180	13,359,464
Provision for Bad Debts		(5,339,193)	(6,527,014)
<b>Total</b>		<b>5,253,613</b>	<b>8,327,917</b>

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>Reconciliation of the bad debt provision</b>			
Balance at beginning of the year		6,527,014	6,543,976
Contributions to provision		3,617	4,882
Bad debts written off against provision		(1,191,439)	(21,843)
Reversal of provision			-
<b>Balance at end of year</b>		<b>5,339,193</b>	<b>6,527,014</b>
Sundry Debtors as above		5,253,613	8,327,917
Payments made in advance		-	-
Unauthorized expenditure (see Note 28.1)		-	-
Insurance claims			-
Road reinstatements			-
<b>Total Other Debtors</b>		<b>5,253,613</b>	<b>8,327,917</b>
<b>14 GRANTS RECOVERABLE FROM OTHER SPHERES OF GOVERNMENT</b>			
Department of Local Government and Housing		3,252,987	3,231,090
Total government Grants and Commitments		3,252,987	3,231,090
<b>15 CALL INVESTMENT DEPOSITS</b>			
Other Deposits		<b>127,940,277</b>	<b>63,695,515</b>
<b>16 BANK AND CASH BALANCES</b>			
<b>The Municipality has the following bank accounts: -</b>			
Current Account (Primary Bank Account) ABSA Bank Limited Account number 1040161836			
Cash book balance at beginning of year		3,671,848	2,442,586
Cash book balance at end of year		<b>7,949,472</b>	<b>3,671,848</b>
Bank statement balance at beginning of year		13,303,249	13,036,214
Bank statement balance at end of year		<b>11,156,705</b>	<b>13,303,249</b>
<b>TOTAL BALANCE</b>		<b>7,949,472</b>	<b>3,671,848</b>
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>			
Equitable share		799,000	1,754,771
RSC LEVY REPLACEMENT GRANT		187,628,982	-
Fire		1,077,378	2,333,076



## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
MSIG		1,511,267	3,103,800
DWAF		-	5,417
SPORT		-	400,000
FMG		500,000	22,409
MIG Grant		701,850	33,915,567
<b>Total Government Grant and Subsidies</b>		<b>192,218,476</b>	<b>41,535,040</b>
<b>17.1 Equitable Share</b>			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.			
<b>17.2 RSC LEVY REPLACEMENT GRANT</b>			
In terms of the Division of Revenue Act this grant is used to subsidise the replacement of the RSC Levies that were abolished from 1 July 2006			
<b>17.3 Fire Grant</b>			
Balance unspent at beginning of year		729,666	1,003,142
Current year receipts		1,077,378	2,059,600
Conditions met - transferred to revenue		(1,077,378)	(2,333,076)
Conditions still to be met - transferred to liabilities (see note 6)		729,666	729,666
<b>17.4 MSIG Grant</b>			
Balance unspent at beginning of year		1,195,225	3,299,025
Current year receipts		1,000,000	1,000,000
Conditions met - transferred to revenue		(1,511,267)	(3,103,800)
Conditions still to be met - transferred to liabilities (see note 6)		683,958	1,195,225
<b>17.5 DWAF Grant</b>			
Balance unspent at beginning of year		-	-
Current year receipts		-	-
Conditions met - transferred to revenue		(8,172)	-
Conditions still to be met - transferred to Other Debtors (see note 13)		(8,172)	-
<b>17.6 SPORT Grant</b>			
Balance unspent at beginning of year		-	(782,535)
Current year receipts		-	(400,000)
Conditions met - transferred to revenue		-	1,182,535
Conditions still to be met - transferred to liabilities (see note 6)		-	(0)
<b>17.7 Finance Management Grant</b>			
Balance unspent at beginning of year		17,543	39,952
Current year receipts		500,000	-
Conditions met - transferred to revenue		(517,543)	(22,409)
Conditions still to be met - transferred to liabilities (see note 6)		-	17,543

## Notes to the financial statements for the year ended 30th june 2007

Note	2007 R	2006 R
<b>17.8 MIG Grant</b>		
Balance unspent at beginning of year	701,850	84,480
Current year receipts	-	34,519,293
Conditions met - transferred to revenue	(701,850)	(33,901,924)
Conditions still to be met - transferred to liabilities (see note 6)	-	701,850
<b>17.9 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act ...of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>18 OTHER INCOME</b>		
Other income	4,400,474	109,008
Mainly discount received for early settlement of creditors, tender deposits and sundry income	-	44,671
<b>Total Other Income</b>	<b>4,400,474</b>	<b>153,679</b>
<b>19 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	15,952,609	17,284,613
Employee related costs - Contributions for UIF, pensions and medical aids	3,262,663	2,955,464
Travel, motor car, accommodation, subsistence and other allowances	3,044,369	405,579
Housing benefits and allowances	157,426	154,579
Overtime payments	502,542	413,243
Performance bonus	1,236,215	996,014
Long-service awards	48,552	-
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
<b>Total Employee Related Costs</b>	<b>24,204,375</b>	<b>22,209,492</b>
There were no advances to employees. Loans to employees are set out in note 10.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	684,213	709,526
Performance Bonuses	145,689	137,702
Car Allowance	236,302	232,023
Contributions to UIF, Medical and Pension Funds	90,063	-
<b>Total</b>	<b>1,156,267</b>	<b>1,079,251</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	586,179	564,223
Performance Bonuses	102,633	102,633

## Notes to the financial statements for the year ended 30th June 2007

	Note	2007 R	2006 R
Car Allowance		208,298	120,000
Contributions to UIF, Medical and Pension Funds		81,637	-
<b>Total</b>		<b>978,747</b>	<b>786,856</b>
Remuneration of Individual Executive Directors			
	<b>Technical Services R</b>	<b>Corporate Services R</b>	<b>Social Services R</b>
<b>30-Jun-07</b>			
Annual Remuneration	545,210	536,900	455,331
Overtime	42,417	22,410	-
Performance Bonuses	88,218	101,483	85,983
Car Allowance	110,906	128,376	97,618
Medical and pension funds	80,674	94,211	36,549
<b>Total</b>	<b>867,425</b>	<b>883,380</b>	<b>675,481</b>
<b>30-Jun-06</b>			
Annual Remuneration	569,936	552,737	284,629
Performance Bonuses	76,739	95,924	-
Car Allowance	98,188	127,943	30,000
Medical and pension funds	-	-	-
<b>Total</b>	<b>744,863</b>	<b>776,604</b>	<b>314,629</b>

### 20 REMUNERATION OF COUNCILLORS

Executive Mayor	414,708	499,715
Whip	313,127	-
Speaker	327,526	331,169
Mayoral Committee Members	1,958,284	1,883,634
Councillors	1,377,724	1,632,843
Councillors' pension contribution	445,144	424,914
Councillors' medical contribution	288,028	202,406
<b>Total Councillors' Remuneration</b>	<b>5,124,542</b>	<b>4,974,681</b>

#### In-kind Benefits

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

The Executive Mayor has use of a Council owned vehicle for official duties. As a result of the determination dated 1 July 2006 that was published on 1 December 2006 The municipality was down graded from a level 5 to level 4. Council adopted this determination on 31st January 2007.

## Notes to the financial statements for the year ended 30th June 2007

	Note	2007 R	2006 R
<p>The application of the determination was retrospective from the 1 March 2006 and hence this resulted in remuneration of councilors on a grade 5 instead of a grade 4 for the period 1 March to February 2007. The implication of this is that an amount of R284 903.98 has been overpaid in terms of councilor remuneration. The Accounting Officer has implemented steps to recover such over payment. as at 30 June the balance outstanding is R253 705.86</p>			
<b>21 INTEREST PAID</b>			
Long-term liabilities		3,810,109	4,008,026
Consumer deposits		-	-
Bank overdrafts		-	-
<b>Total Interest on External Borrowings</b>		<b>3,810,109</b>	<b>4,008,026</b>
<b>22 GRANTS AND SUBSIDIES PAID</b>			
<b>Grant paid to Local Municipalities out of own revenue</b>			
General		22,240,987	12,930,727
Delmas		12,362,918	12,103,635
Dr JS Moroka		20,096,293	21,430,360
Emalahleni		21,160,427	31,275,533
Steve Tshwete		25,838,535	19,835,005
Emakhazeni		13,330,059	10,849,097
Thembisile		18,903,144	26,442,998
DMA		-	2,586,178
<b>Total Grants and Subsidies out of own revenue</b>		<b>133,932,364</b>	<b>137,453,533</b>
<b>Grant paid to Local Municipalities out of Implementing Agents Funds</b>			
General		-	1,605,123
Delmas		-	879,770
Dr JS Moroka		-	4,587,980
Emalahleni		-	2,365,190
Steve Tshwete		-	-
Emakhazeni		-	8,052,577
Thembisile		979,312	26,379,269
DMA		-	318,971
<b>Total Grants and Subsidies out of Implementing Agent Funds</b>		<b>979,312</b>	<b>44,188,879</b>
		<b>134,911,675</b>	<b>181,642,412</b>

## Notes to the financial statements for the year ended 30th June 2007

	Note	2007 R	2006 R
<b>23 GENERAL EXPENSES</b>			
<b>Included in general expenses are the following:-</b>			
<b>23.1 Thunder storm support</b>		<b>9,470</b>	<b>-</b>
A thunder storm hit the Dullstroom area in October 2006. Another thunder storm hit the Langkloof area in February 2007. In both instances Council provided blankets to aid the affected residents until the flooding subsided and residents were able to return to their homes. The thunder storm damage was unforeseen and has never occurred previously.			
<b>23.2 Operating leases</b>		756,996	756,996
Operating leases in automated office machines - minimum payments. The municipality lease office automation machines from various service providers over a lease of a maximum period of 5 years. The last lease agreements will terminate in March 2010.			
Future minimum lease payments at 30 June 2007:			
	<b>Up to 1 year</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>
	<b>R</b>	<b>R</b>	<b>R</b>
	756,996	604,296	-
<b>24 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -			
<b>24.1 Property, Plant and equipment</b>			
Property, Plant and equipment is accounted for in terms of accounting policy no. 5. The useful lives and depreciation methods were not reviewed in the previous and current financial years as required by GAMAP 17 as these requirements have been exempted in terms of government notice 552 of 2007. The change in accounting policy has been applied prospectively from the current year; and The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.			

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>24.2 Financial Instruments</b>			
Financial Instruments is accounted for in terms of accounting policy no. 6 Impairment testing on financial instruments was not performed by the municipality in the previous and current financial years as required by IAS 39 as these requirements have been exempted in terms of government notice 552 of 2007			
The requirement of IAS 39, 43, AG64, AG65, AG79 and SAICA Circular 9 that financial instruments should initially be measured at fair value has been exempted in terms of General notice 552 of 2007 and was not applied in the previous and current financial statements.			
The change in accounting policy has been applied prospectively from the current year; and			
The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.			
<b>24.3 Trade Creditors</b>			
Financial Instruments is accounted for in terms of accounting policy no. 7 Trade creditors was not recognised initially at fair value by the municipality in the previous and current financial years as required as these requirements have been exempted in terms of government notice 552 of 2007			
The change in accounting policy has been applied prospectively from the current year; and			
The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.			
<b>24.4 Revenue Recognition</b>			
Financial Instruments is accounted for in terms of accounting policy no. 8 Revenue for the current and prior financial year was initially recognised at cost. The requirement of GAMAP 9.12 and SAICA circular 9/06 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in terms of General Notice 552 of 2007.			
The change in accounting policy has been applied prospectively from the current year; and			
The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.			

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>24.5 Leases</b>			
Financial Instruments is accounted for in terms of accounting policy no. 18 Operating leases were not recognised on a straight-lined basis over the lease period and was expensed at cost as a general expense as these requirements have been exempted in terms of government notice 552 of 2007 The change in accounting policy has been applied prospectively from the current year; and The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.			
<b>24.6 Work in Progress</b>			
<b>Balance previously reported: -</b>			
Work in progress		-	-
<b>Total</b>		<u>-</u>	<u>-</u>
Implementation of GAMAP			
Current year transferred to Accumulated Surplus/(Deficit) (see 24.2 below)		58,731,061	88,459,251
Previous year transferred to Accumulated Surplus/(Deficit) (see 24.2 below)		(88,459,251)	(76,795,094)
		<u><b>(29,728,190)</b></u>	<u><b>11,664,157</b></u>
<b>24.7 Provisions and Reserves</b>			
<b>Balance previously reported</b>			
Transferred to Accumulated Surplus/(Deficit)			
General		7,628,698	10,495,510
Delmas		4,810,273	11,260,435
Dr JS Moroka		9,850,075	9,151,773
Emalahleni		10,502,309	12,881,928
Steve Tshwete		7,023,744	22,069,190
Emakhazeni		8,987,987	9,082,785
Thembisile		9,927,975	13,517,629
DMA		-	-
<b>Total</b>		<u><b>58,731,061</b></u>	<u><b>88,459,251</b></u>
<b>Previous year transferred from Accumulated Surplus/(Deficit)</b>			
General		(10,495,510)	(2,873,513)
Delmas		(11,260,435)	(7,739,485)
Dr JS Moroka		(9,151,773)	(13,276,249)
Emalahleni		(12,881,928)	(16,919,560)
Steve Tshwete		(22,069,190)	(15,297,705)
Emakhazeni		(9,082,785)	(6,039,246)

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
Thembisile		(13,517,629)	(14,283,484)
DMA		-	(365,852)
<b>Total</b>		<b>(88,459,251)</b>	<b>(76,795,094)</b>

Financial Instruments is accounted for in terms of accounting policy no. 19 Infrastructure projects not fully completed by the municipality are disclosed in terms of GAMAP 12 and disclosed as work in progress at the cost based on the stage of completion as it will be transferred to local municipalities upon completion.

The change in accounting policy has been applied retro-prospectively from the current year; and

The comparative information and amounts have not been reclassified and may, therefore, not be consistent with current year information and amounts.

### 25 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year		25,848,847	(12,335,338)
Adjustment for:-			
Depreciation		1,915,869	4,719,296
(Gain)/ loss on disposal of property, plant and equipment		5,213,442	(101,233)
Contribution to provisions - non-current		34,014	
Contribution to provisions – current	729,482	8,901	
Interest paid		3,810,109	2,372,549
Investment income		(11,780,070)	(1,987,819)
<b>Operating surplus before working capital changes:</b>		<b>25,737,679</b>	<b>(7,289,630)</b>
(Increase) /Decrease in inventories		29,728,190	32,916
(Increase)/decrease in debtors		21,856,530	517,439
(Increase)/decrease in other debtors		-	129,747
(Decrease)/increase in conditional grants and receipts		-	101,342
Increase / (Decrease) in creditors		(11,563,382)	1,987,302
Increase / (Decrease) in VAT		-	8,712
<b>Cash generated by/(utilized in) operations</b>		<b>65,759,017</b>	<b>2,777,458</b>

### 26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash		7,949,472	3,487
Bank overdrafts		-	(7,103,859)
Call investment deposits		127,940,277	6,230,728
<b>Total cash and cash equivalents</b>		<b>135,889,749</b>	<b>(869,644)</b>



## Notes to the financial statements for the year ended 30th june 2007

Note	2007 R	2006 R
<b>27 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 1)	70,364,931	74,713,317
Used to finance property, plant and equipment – at cost	70,364,931	74,713,317
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	11,260,000	11,993,045
<b>Cash invested for repayment of long-term liabilities (see note 14)</b>	<b>11,260,000</b>	<b>11,993,045</b>
<p>Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. A long term investment has been pledged as security as per note 9.</p>		
<b>28 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>28.1 Unauthorized expenditure</b>		
<b>Reconciliation of unauthorized expenditure</b>		
Opening balance	-	-
Unauthorized expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery (note 13)	-	-
Unauthorized expenditure awaiting authorization	-	-
Incident            Disciplinary steps/criminal proceedings		
No incident        No disciplinary hearing held		
<b>28.2 Fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 46)	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-
Incident            Disciplinary steps/criminal proceedings No		
incident            No disciplinary hearing held		
<b>28.3 Irregular expenditure</b>		
<b>Reconciliation of irregular expenditure</b>		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	-	-
Incident            Disciplinary steps/criminal proceedings No		
incident            No disciplinary hearing held		

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>			
<b>29.1 Contributions to organized local government</b>			
Opening balance		-	-
Council subscriptions		74,673	81,116
Amount paid - current year		(74,673)	(81,116)
Amount paid - previous years		-	-
<b>Balance unpaid (included in creditors)</b>		<b>(0)</b>	<b>-</b>
<b>29.2 Audit fees</b>			
Opening balance		-	-
Current year audit fee		720,779	234,623
Amount paid - current year		(720,779)	(234,623)
Amount paid - previous years		-	-
<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
<p>The balance unpaid represents the audit fee for an interim audit conducted during May and June 2007 and is payable by 31 July 2007</p>			
<b>29.3 VAT</b>			
<p>VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.</p>			
<b>29.4 PAYE and UIF</b>			
Opening balance		-	-
Current year payroll deductions		4,889,230	5,112,737
Amount paid - current year		(4,889,230)	(5,112,737)
Amount paid - previous years		-	-
<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
<b>29.5 Pension and Medical Aid Deductions</b>			
Opening balance		-	-
Current year payroll deductions and Council Contributions		5,575,788	5,014,512
Amount paid - current year		(5,575,788)	(5,014,512)
Amount paid - previous years		-	-
<b>Balance unpaid (included in creditors)</b>		<b>-</b>	<b>-</b>
<b>29.6 Compliance with Chapter 11 of the Municipal Finance Management Act</b>			
<p>Council's Supply Chain Policy was adopted in October 2005 (DM208/09/2005) with effective date 1 January 2006. The Supply Chain Unit was established December 2006.</p>			

## Notes to the financial statements for the year ended 30th june 2007

	Note	2007 R	2006 R
<b>30 CAPITAL COMMITMENTS</b>			
<b>Commitments in respect of capital expenditure:</b>			
Approved and contracted for		143,754,955	99,072,256
Infrastructure	General	28,636,383	40,110,584
	Delmas	11,874,345	3,923,086
	Dr JS Moroka	19,227,852	13,017,365
	Emalahleni	31,982,852	10,974,527
	Steve Tshwete	19,002,053	7,019,218
	Emakhazeni	9,539,682	10,777,865
	Thembisile	23,491,788	13,249,612
Approved but not yet contracted for		-	-
Infrastructure	General	-	-
	Delmas	-	-
	Dr JS Moroka	-	-
	Emalahleni	-	-
	Steve Tshwete	-	-
	Emakhazeni	-	-
	Thembisile	-	-
<b>Total</b>		<b>143,754,955</b>	<b>99,072,256</b>
<b>This expenditure will be financed from:</b>			
- Own resources		143,754,955	99,072,256

### 31 POST-EMPLOYMENT BENEFITS

All councilors and employees belong to 3 defined benefit retirement funds as well as 3 defined contribution funds administered by Municipal Gratuity Fund, Municipal Joint Pension Fund, Government Employees Pension Fund, Samwu Pension Fund, Municipal Employees Pension Fund and Councilors Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2003. These valuations indicate that the funds are in a sound financial position.

Defined contribution plans are benefit plans under which an entity pays fixed contributions into a separate entity (pension fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods. Obligations for contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

An amount of R3, 070,263 (2006: R3, 184,977) was contributed by Council in respect of Councilor and employees retirement funding.

## Notes to the financial statements for the year ended 30th june 2007

Note	2007 R	2006 R
<p>These contributions are recognized as an expense in the income statement. The post employment medical aid benefits are provided for ex- retired employees and their legitimate spouses and are paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the balance sheet date. The provision is phased in over a five year period starting from the 2005/2006 financial year. See note 2</p>		
<b>32 IN-KIND DONATIONS AND ASSISTANCE</b>		
<b>The Municipality made the following in-kind donations and assistance</b>		
<b>Description</b>		
Thembisile Municipality - Assistance with King Silamba Annual Celebrations	76,596	100,850
<b>33 COMPARISON WITH THE BUDGET</b>		
<p>The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).</p>		

# APPENDICES

**Report of the auditor general** to the Mpumalanga Provincial Legislature on the financial statements and performance information of the nkangala District Municipality for the year end 30 June 2007



# Appendix C1

SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT  
30 JUNE 2006

	Cost			Accumulated Depreciation				Carrying Value		
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions		Disposals	Closing Balance
Executive & Council	8,362,533	171,408	-	(419,136)	8,114,804	1,256,217	1,190,436	(419,129)	2,027,524	6,087,280
Finance & Admin	2,164,784	600,316	-	(30,335)	2,724,766	805,123	334,053	(28,045)	1,111,130	1,613,636
Planning & Development	6,313,657	164,747	-	(5,428,146)	1,050,259	214,932	299,845	(214,724)	300,053	750,206
Community & Social Services	784,661	67,639	-	-	852,300	145,870	134,558	-	280,427	571,873
Work in progress	66,980,265	-	(22,880)	-	66,937,385	-	-	-	-	66,937,385
<b>TOTAL</b>	<b>84,575,900</b>	<b>1,004,111</b>	<b>(22,880)</b>	<b>(5,877,617)</b>	<b>79,679,514</b>	<b>2,422,141</b>	<b>1,958,892</b>	<b>(661,898)</b>	<b>3,719,134</b>	<b>75,960,379</b>

# Appendix D

SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED  
30 JUNE 2006

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/(Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/(Deficit) R
-	20,587,345	(20,587,345)	Executive & Council	-	18,449,151	18,449,151
195,829,919	11,758,674	184,071,245	Finance & Admin	(208,864,447)	14,535,487	(194,318,960)
37,940,483	199,510,834	(161,570,351)	Planning & Development	(2,490,578)	53,794,404	51,303,825
2,072,378	7,578,618	(5,506,240)	Community & Social Services	(1,077,428)	7,723,506	6,646,078
			Primary Functions	-	3,611,808	3,611,808
			Sub Total	(212,422,453)	98,114,356	(114,308,097)
235,842,780	239,435,471	(3,592,691)				
			Less Inter-Department Charges			
			<b>Total</b>	<b>(212,422,453)</b>	<b>98,114,356</b>	<b>(114,308,097)</b>

## Appendix E(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
RSC Replacement Grant - Regional Services - Turnover	2,697,113	1,500,000	1,197,113	80	(Explanations to be recorded)
RSC Replacement Grant - Regional Services -Remuneration	1,048,808	500,000	548,808	110	
Rental of facilities and equipment	50	-	50	-	
Interest earned - external investments	10,606,756	5,250,000	5,356,756	102	
Interest earned - outstanding debtors	1,173,314	660,000	513,314	78	
Income for agency services	277,462	1,470,062	(1,192,600)	(81)	
Government grants and subsidies	192,218,476	192,330,571	(112,095)	(0)	
Other income	4,400,474	1,550,000	2,850,474	184	
Surplus cash			91,328,040		
<b>Total Revenue</b>	<b>212,422,453</b>	<b>294,588,673</b>	<b>9,161,821</b>	<b>3</b>	
<b>EXPENDITURE</b>					
Executive & Council	18,449,151	26,573,447	8,124,296	31	
Finance & Admin	14,535,487	19,661,339	5,125,852	26	
Planning & Development	142,253,654	211,782,638	69,528,984	33	
Community & Social Services	7,723,506	9,143,105	1,419,599	16	
Primary Functions	3,611,808	27,428,144	23,816,336	87	
Less Inter-Departmental Charges	-	-	-	-	
<b>Total Expenditure</b>	<b>186,573,607</b>	<b>294,588,673</b>	<b>108,015,066</b>	<b>37</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>25,848,847</b>	<b>(0)</b>	<b>(98,853,245)</b>	<b>39,541,288,765</b>	



## Appendix E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	2007 Actual		2007 Under Construction		2007 Total Additions		2007 Budget		2007 Variance		2007 Variance		Explanation of Significant Variances greater than 5% versus Budget
	R		R		R		R		R		R	%	
<b>Infrastructure Assets</b>	<b>4,131,026</b>		-	<b>4,131,026</b>	<b>4,131,026</b>		-		-		-		
Executive & Council	171,408		(22,880)	148,527	1,261,400		(1,112,873)		(88)				
Finance & Admin	600,316		-	600,316	106,000		494,316		466				
Planning & Development	164,747		-	164,747	-		164,747		100				
Community & Social Services progress	67,639		-	67,639	50,000		17,639		35				
<b>TOTAL</b>	<b>1,004,111</b>		<b>(22,880)</b>	<b>981,230</b>	<b>1,417,400</b>		<b>(436,170)</b>		<b>(31)</b>				

## Appendix F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 AS AT 30 JUNE 2006

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts						Quarterly Expenditure						Grant and Subsidies delayed / withheld				Reason for delay / withholding of funds	Did your municipality comply with the gant conditions in the framework in the latest Division of Revenue Act	Reason for non compliance
		Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Jun-06	Jun-06	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07				
MIG	National Gov	-	-	-	-	-	11,761,046	-	-	-	-	-	-	-	-	-	NA	Yes	NA	
MSIG	National Gov	-	-	1,000,000	-	424,220	424,220	301,380	121,074	-	-	-	-	-	-	-	NA	Yes	NA	
FMG	National Gov	-	500,000	-	-	227,500	23,395	189,263	-	-	-	-	-	-	-	-	NA	Yes	NA	
SPORT	National Gov	-	-	-	-	-	130,897	-	-	-	-	-	-	-	-	-	NA	Yes	NA	

<b>Name of municipality:</b> NKANGALA DISTRICT MUNICIPALITY		<b>Demarcation Code:</b>	DC31	
<b>Name of preparer:</b> H M LALA (CHIEF FINANCIAL OFFICER)		<b>Date completed:</b>	30 AUGUST 2007	
<b>Contact Details:</b> 013-2492014		<b>Financial period:</b>	2007/2008	
<b>Financial reporting standard</b>	<b>Extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption</b> [include the key challenges to be overcome]	<b>Person responsible</b>	<b>Estimate date of compliance</b> [cannot extend beyond 31 June 2008]
Property, plant and equipment (GRAP 17)	Review of useful life of items of PPE recognised in the annual financial statements [paragraphs 59 – 61, and 77]	<ul style="list-style-type: none"> <li>Review of useful life of assets</li> <li>Adjust depreciation for current and future period if expectations are significantly different from previous estimates.</li> <li>Process journals</li> <li>Update the assets register</li> <li>Draft and approval of repair and maintenance plan from the engineers.</li> </ul>	MM Maluleka	31 January 2008
	Review of depreciation method applied to PPE recognised in the annual financial statements [paragraphs 62 and 77]	<ul style="list-style-type: none"> <li>Review of depreciation method applied to PPE</li> <li>Change the method if there has been significant change in the expected pattern of economic benefit</li> <li>Account for the change in accounting estimates, if any</li> <li>Adjust the depreciation charge for current and future period</li> <li>Update asset register and capital statements</li> <li>Process the journals</li> </ul>	MM Maluleka	31 January 2008
	Impairment of non-cash-generating assets [paragraphs 64 – 69 and 75(e)(v) – (vi)]	<ul style="list-style-type: none"> <li></li> </ul>	M M Maluleka	31 January 2008
	Impairment of cash-generating assets [paragraphs 63 – 75(e)(v) – (vi)]	<ul style="list-style-type: none"> <li></li> </ul>	M M Maluleka	31 January 2008
Impairment of Assets (IAS 36/AC 128)	Entire Standard	<ul style="list-style-type: none"> <li>Determine whether the recoverable amount of an asset is less than the existing value</li> <li>If any, allocate the impairment loss to reduce the asset cost amount</li> <li>Update the asset register</li> <li>Process the journals</li> </ul>	M M Maluleka	31 January 2008

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption [include the key challenges to be overcome]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
Inventories (GAMAP 12)	<p>The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17</p> <p>The entire standard to the extent that it relates to water stock that was not purchased by the municipality</p> <p>The entire standard to the extent that the property is accounted for in terms of GAMAP 17</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		
Investment Property (IAS 40/AC 135)	<p>Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard [paragraphs 79(e)(i) – (iii)]</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		
Leases (IAS 17/AC 105)	<p>Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement.</p> <p>[SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/AC 105]</p>	<ul style="list-style-type: none"> <li>Journalise payments on straight-line base</li> </ul>	M J Strydom	31 March 2008
Intangible Assets (IAS 38/AC 129)	<p>The entire standard except for the recognition, measurement &amp; disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed</p>	<ul style="list-style-type: none"> <li>Disclosure in the financial statements</li> <li>Investigate whether or not project management system (inform system) fall under this category</li> </ul>	M M Maluleka	31 January 2008
Employee Benefits (IAS 19/AC 116)	<p>Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 – 119, 120A(c)-(q)]</p>	<ul style="list-style-type: none"> <li></li> </ul>	M J Strydom	31 March 2008

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption [include the key challenges to be overcome]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
Revenue (GAMAP 9)	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SAICA circular 09/06 & paragraph 12]	<ul style="list-style-type: none"> <li>Specifications to do necessary program changes on financial system</li> <li>Program changes</li> <li>Testing of programs</li> <li>Implementation</li> </ul>	M J Strydom	30 Nov 2007
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	Initially measuring financial assets and financial liabilities at fair value. [SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/AC 133]	<ul style="list-style-type: none"> <li></li> </ul>	H M Lala	31 January 2008
Non-current Assets held for Sale and Discontinued Operations (IFRS 5/AC142)	Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]	<ul style="list-style-type: none"> <li></li> </ul>	N/A	
Financial Instruments: Disclosures (IFRS 7/AC 144)	Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	<ul style="list-style-type: none"> <li></li> </ul>	H M Lala	31 January 2008
Construction Contracts (IAS 11/AC 109)	Entire Standard	<ul style="list-style-type: none"> <li></li> </ul>	A L Stander	30 April 2008
Business Combinations (IFRS 3/AC 140)	Entire Standard	<ul style="list-style-type: none"> <li></li> </ul>	N/A	
Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)	Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	<ul style="list-style-type: none"> <li>Change ledger from Government Grant Reserve to Deferred Income</li> </ul>	A L Stander	30 April 2008
Impairment of Assets (IAS 36/AC 128)	Entire Standard	<ul style="list-style-type: none"> <li>Determine whether the recoverable amount of an asset is less than the existing value</li> <li>If any, allocate the impairment loss to reduce the asset cost amount</li> <li>Update the asset register</li> <li>Process the journals</li> </ul>	M M Maluleka	31 January 2008

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption [include the key challenges to be overcome]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
Inventories (GAMAP 12)	<p>The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17</p> <p>The entire standard to the extent that it relates to water stock that was not purchased by the municipality</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	N/A	
Investment Property (IAS 40/AC 135)	<p>The entire standard to the extent that the property is accounted for in terms of GAMAP 17</p> <p>Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard [paragraphs 79(e)(i) – (iii)]</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	N/A	
Leases (IAS 17/AC 105)	<p>Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement.</p> <p>[SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/AC 105)</p>	<ul style="list-style-type: none"> <li>Journalise payments on straight-line base</li> </ul>	M J Strydom	31 March 2008
Intangible Assets (IAS 38/AC 129)	<p>The entire standard except for the recognition, measurement &amp; disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed</p>	<ul style="list-style-type: none"> <li>Disclosure in the financial statements</li> <li>Investigate whether or not project management system (inform system) fall under this category</li> </ul>	M M Maluleka	31 January 2008
Employee Benefits (IAS 19/AC 116)	<p>Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information.</p> <p>[paragraphs 29, 48 – 119, 120A(c)-(q)]</p>	<ul style="list-style-type: none"> <li></li> </ul>	M J Strydom	31 March 2008

Financial reporting standard	Extent of exemption from standard	Milestones to be achieved to comply with exemption [include the key challenges to be overcome]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
Revenue (GAMAP 9)	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SAICA circular 09/06 and paragraph 12]	<ul style="list-style-type: none"> <li>• Specifications to do necessary program changes on financial system</li> <li>• Program changes</li> <li>• Testing of programs</li> <li>• Implementation</li> </ul>	M J Strydom	30 November 2007
Financial Instruments: Recognition and Measurement (IAS 39/AC 133)	Initially measuring financial assets and financial liabilities at fair value. [SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/AC 133]	<ul style="list-style-type: none"> <li>•</li> </ul>	H M Lala	31 January 2008
Non-current Assets held for Sale and Discontinued Operations (IFRS 5/AC 142)	Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]	<ul style="list-style-type: none"> <li>•</li> </ul>	N/A	
Financial Instruments: Disclosures (IFRS 7/AC 144)	Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	<ul style="list-style-type: none"> <li>•</li> </ul>	H M Lala	31 January 2008
Construction Contracts (IAS 11/AC 109)	Entire Standard	<ul style="list-style-type: none"> <li>•</li> </ul>	A L Stander	30 April 2008
Business Combinations (IFRS 3/AC 140)	Entire Standard	<ul style="list-style-type: none"> <li>•</li> </ul>	N/A	
Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)	Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9	<ul style="list-style-type: none"> <li>• Change ledger from Government Grant Reserve to Deferred Income</li> </ul>	A L Stander	30 April 2008

<b>Name of municipality:</b>	NIKANGALA DISTRICT MUNICIPALITY	<b>Demarcation Code:</b>	DC31
<b>Name of preparer:</b>	H M LALA (CHIEF FINANCIAL OFFICER)	<b>Date completed:</b>	30 AUGUST 2007
<b>Contact Details:</b>	013-2492014	<b>Financial period:</b>	2007/2008

<b>Financial reporting standard &amp; extent of exemption from standard</b>	<b>Milestones to be achieved to comply with exemption – reported in October 2007</b> [include the key challenges to be overcome]	<b>Amendment to milestone and or achievement of milestone</b> [include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]	<b>Person responsible</b>	<b>Estimate date of compliance</b> [cannot extend beyond 31 June 2008]
<b>Property, plant and equipment (GRAP 17)</b> Review of useful life of items of PPE recognised in the annual financial statements [paragraphs 59 – 61, and 77]	•	•		
<b>Property, plant and equipment (GRAP 17)</b> Review of depreciation method applied to PPE recognised in the annual financial statements [paragraphs 62 & 77]	•	•		
<b>Property, plant and equipment (GRAP 17)</b> Impairment of non-cash-generating assets [paragraphs 64 – 69 and 75(e)(v) – (vi)]	•	•		
<b>Property, plant and equipment (GRAP 17)</b> Impairment of cash-generating assets [paragraphs 63 and 75(e)(v) – (vi)]	•	•		
<b>Impairment of Assets (IAS 36/AC 128)</b> Entire Standard	i)	ii)		

Financial reporting standard & extent of exemption from standard	Milestones to be achieved to comply with exemption – reported in October 2007 [include the key challenges to be overcome]	Amendment to milestone and or achievement of milestone [include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
<b>Inventories (GAMAP 12)</b> The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17	iii)	iv)		
<b>Inventories (GAMAP 12)</b> The entire standard to the extent that it relates to water stock that was not purchased by the municipality	v)	vi)		
<b>Investment Property (IAS 40/AC 135)</b> The entire standard to the extent that the property is accounted for in terms of GAMAP 17	vii)	viii)		
<b>Investment Property (IAS 40/AC 135)</b> Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard [paragraphs 79(e) (i) – (iii)]	ix)	x)		
<b>Leases (IAS 17/AC 105)</b> Recognising operating lease payments /	xi)	xii)		



Financial reporting standard & extent of exemption from standard	Milestones to be achieved to comply with exemption – reported in October 2007 [include the key challenges to be overcome]	Amendment to milestone and or achievement of milestone [include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
<p>receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement. [SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/ AC 105]</p>				
<p><b>Intangible Assets (IAS 38/AC 129)</b> The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed</p>	xiii)	xiv)		
<p><b>Employee Benefits (IAS 19/AC 116)</b> Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 – 119, 120A(C)-(Q)]</p>	xv)	xvi)		

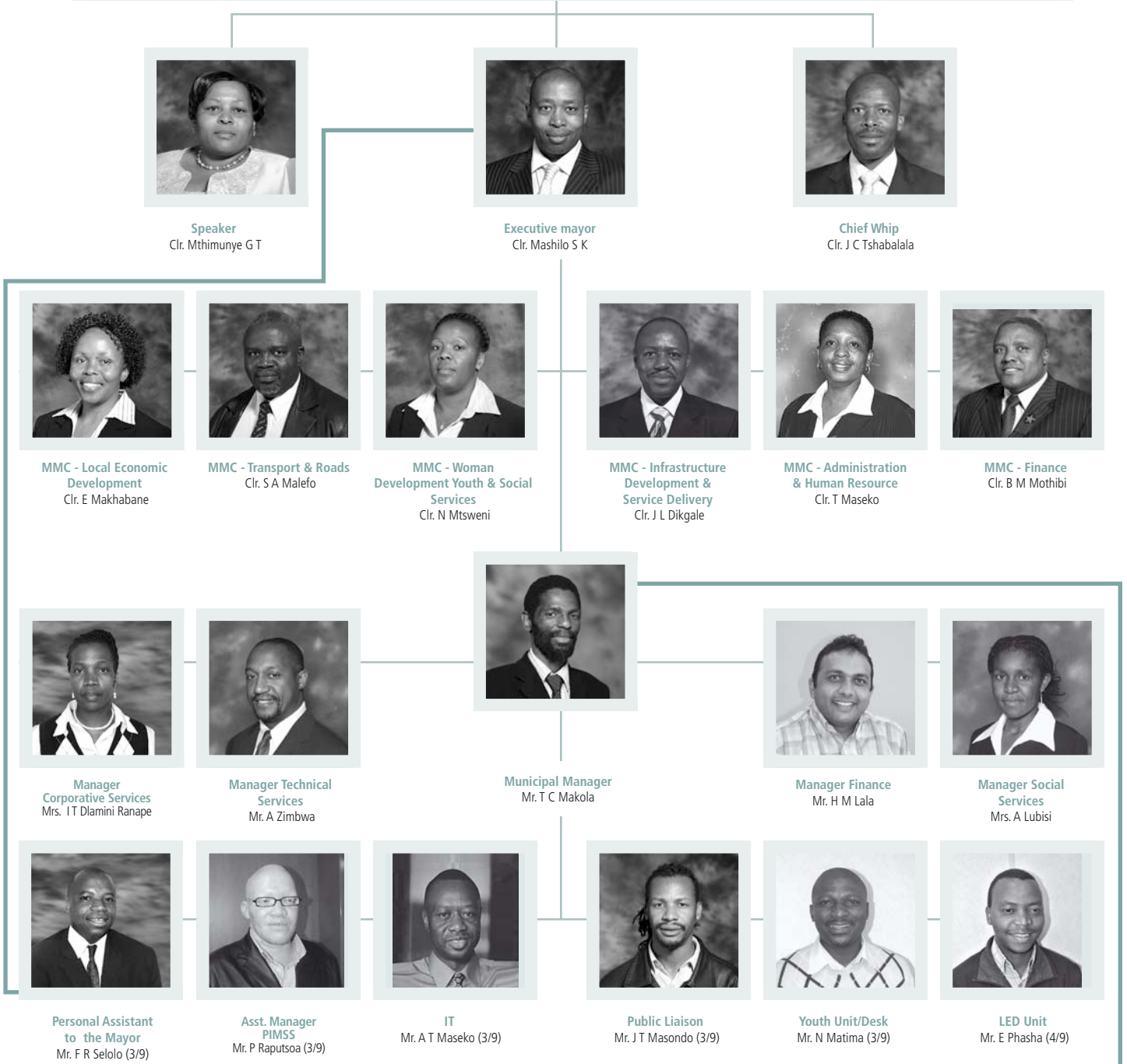
Financial reporting standard & extent of exemption from standard	Milestones to be achieved to comply with exemption – reported in October 2007 [include the key challenges to be overcome]	Amendment to milestone and or achievement of milestone [include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
<b>Revenue (GAMAP 9)</b> Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SAICA circular 09/06 and paragraph 12]	xvii)	xviii)		
<b>Financial Instruments: Recognition and Measurement (IAS 39/AC 133)</b> Initially measuring financial assets and financial liabilities at fair value. [SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/ AC 133]	xix)	xx)		
<b>Non-current Assets held for Sale and Discontinued Operations (IFRS 5/AC142)</b> Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]	xxi)	xxii)		

Financial reporting standard & extent of exemption from standard	Milestones to be achieved to comply with exemption – reported in October 2007 [include the key challenges to be overcome]	Amendment to milestone and or achievement of milestone [include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]	Person responsible	Estimate date of compliance [cannot extend beyond 31 June 2008]
<b>Financial Instruments: Disclosures (IFRS 7/AC 144)</b> Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	xxiii)	xxiv)		
<b>Construction Contracts (IAS 11/AC 109)</b> Entire Standard				
<b>Business Combinations (IFRS 3/AC 140)</b> Entire Standard				
<b>Accounting for Government Grants and disclosure of Government Assistance (IAS 20/AC 134)</b> Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9				



# ORGANOGRAM

organogram depicts the **organizational structure** of Nkangala District Municipality with **four Departments** and **five units reporting to the Municipal Manager**.



The above organogram depicts the organizational structure of Nkangala District Municipality with four Departments and five units reporting to the Municipal Manager.

Executive Secretary  
Vacant (6/9)

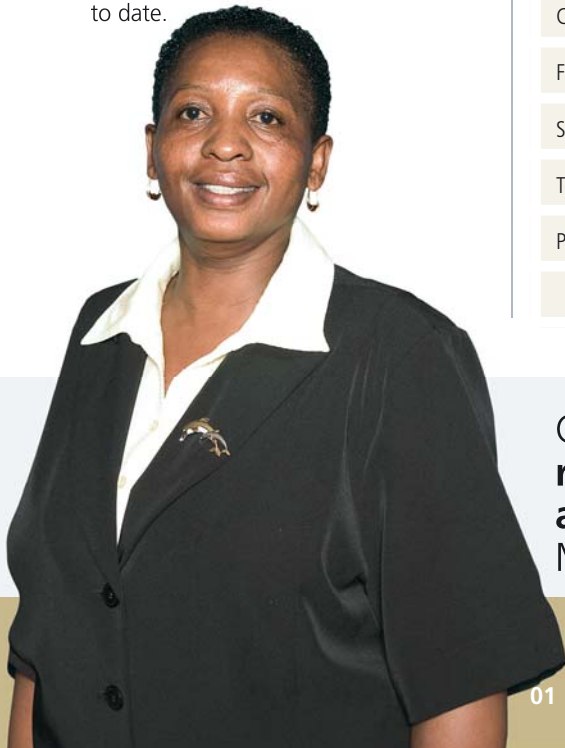
CHAPTER 5

## Reports from Departments

Hereunder are reports emanating from each department, Corporate Section, Social Services and Technical departments (Finance department see chapter 4).

### 5.1. CORPORATE SERVICES DEPARTMENT

The Corporate Services Department is running an efficient and effective administration in respect of all Council, Mayoral and other committee meetings. Agendas and minutes are prepared for each of these meetings in terms of the Nkangala District Municipality's Standing Rules and Orders and then delivered to all role-players. In addition, all records of the Council are kept securely and up to date.



An electronic document management system has been installed which is assisting in rendering an even better service to all the Departments and communities being served by the Nkangala District Municipality. The department furthermore deals with Employment Equity, Skills Development, Performance Management, Legal Matters and Human Resource Management.

#### 5.1.1 Staff Compliment as at 30 June 2007

The total staff complement of Nkangala District Municipality is 86 Employees including 22 Fire practitioners. Included in the 86 employees are 5 Section 57 employees represented as follows:

JOB TITLE	RACE
Municipal Manager	BM
Manager Corporate Services	BF
Manager Technical Services	BM
Manager Social Services	BF
Manager Finance	BM

#### 5.1.2 Staff compliment as at 30 June 2007

Department	Number of staff	NQF Levels
Municipal Manager	6	4-7
Corporate Services	21	3-7
Finance	19	3-7
Social Services	29	3-7
Technical Services	8	5-7
PIMSS	3	5-7
		86

Corporate Services Department is **running an efficient and effective administration** in respect of all Council, Mayoral and other committee meetings.

01

**Clr. T Maseko**  
MMC Administration & Human Resource



02

**Dlamini Ranape I T**  
Manager Corporate Services

### 5.1.2. Employment Equity

In accordance with the Employment Equity Act, Act 55 of 1998, Nkangala District Municipality submitted its employment Equity report to the Department of Labour for the financial year in question. The report also indicates the numerical goals to be reached by the municipality as we fill the vacant positions.

There is however challenge a with regard to gender representativity at the second layer of management for which the municipality is putting strategies in place to overcome.

the LGSETA awarded the District Municipality together with two of our local municipalities Delmas and Steve Tshwete a grant of **R647 000 to be utilized for training of both employees and unemployed individuals.**

### 5.1.3. Skills Development

A skills audit for both councilors and officials was done in April/ May 2007, out of which a skills development plan was developed, adopted by Council and submitted to the Local Government Seta (LG SETA) by June 2007.

In cognizance of our performance, the LGSETA awarded the District Municipality together with two of our local municipalities Delmas and Steve Tshwete a grant of R647 000 to be utilized for training of both employees and unemployed individuals. The grant was then used, over and above the training of employees, to offer bursaries, learnerships and internships to needy local students and it was distributed as follows:

BURSARIES	NO: STUDENT
Bursaries on Civil Engineering	2 students
Bursaries on Town and Regional Planning	5 students
Water and Sanitation learnerships	4 students
Electricity learnerships	3 students
EPWP learnerships	2 students
Water and Sanitation Internship	1 student

#### Students who were offered Bursaries, Learnership & Internships



### 5.1.4. Personnel Expenditure for the Past Three Years

Financial Year	Admin	Personnel	%
2004/2005	45,791,015	20,013,855	43.7%
2005/2006	46,128,901	22,209,492	48.1%
2006/2007	51,661,932	24,204,375	46.9%

### 5.1.5 Pension and Medical Aid Funds – Statistics

Pension Fund	Number of members	Employee contribution ®	Employer contribution ®	Total ®
Joint Mun Employees Pension Fund	2	31.967	80.668	112.635
Mun Employees Pension Fund	14	140.711	413.021	553.732
Municipal Gratuity Fund	42	368.588	1.010.002	1.378.590
Mun Councilors Pension Fund	23	385.117	420.127	805.244
SAMWU Pension Fund	1	18.750	54.999	73.749
Government Pension Fund	22	88.939	172.081	261.020
Total Pension Fund	104	1.034.072	2.150.898	3.184.970

### 5.1.5. Pension and Medical Aid Funds – Statistics *Continued*

Medical Aid Fund	Number of members	Employee contribution ®	Employer contribution ®	Total ®
Munimed	18	261.010	387.288	648.298
Bonitas	23	76.876	99.082	175.958
Hosmed Medical Scheme	45	400.348	605.229	1.005.577
Total Medical Aid Fund	86	738.234	1.091.599	1.829.833

### 5.1.6. Meetings

#### 5.1.6.1. Council Meetings

Hereunder are reports emanating from each department, Corporate Section, Social Services and Technical departments (Finance department see chapter 4).

Date of meeting	Meeting held / not held	Number of items considered
7/26/06	Held	20
8/30/06	Held	20
10/25/06	Held	38
11/29/06	Held	19
1/31/07	Held	20
3/28/07	Rescheduled to 30 March 2007 because of the IDP Indaba held on 29 March 2007	37
4/30/07	Held	15
5/30/07	Held	18
6/27/07	Held	23

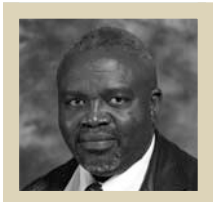
#### 5.1.6.2. Mayoral Committee Meetings

Mayoral Committee meetings for the period 1 July 2006 to 30 June 2007 were scheduled as indicated below with an indication of the number of items considered at the meeting:

Date of meeting	Meeting held / not held	Number of items considered
7/5/06	Held	7
7/19/06	Held	13
8/2/06	Held	5
8/23/06	Held	14
9/6/06	Held	11
9/21/06	Held	10
10/4/06	Held	7
10/18/06	Held	9
11/8/06	Held	10
11/22/06	Held	9
1/24/07	Held	20
2/7/07	Held	15
2/21/07	Held	8
3/7/07	Held	7
3/20/07	Held	7
4/4/07	Held	8



## Executive Mayor and Members of the Mayoral Committee



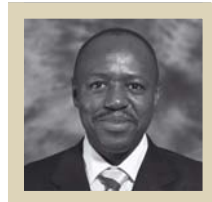
MMC - Transport & Roads  
Clr. S A Malefo



MMC - Woman  
Development Youth  
& Social Services  
Clr. N Mtsweni



MMC - Local Economic  
Development  
Clr. E Makhabane



MMC - Infrastructure  
Development &  
Service Delivery  
Clr. J L Dikgale



MMC - Administration  
& Human Resource  
Clr. T Maseko



MMC - Finance  
Clr. B M Mothibi



Special Mayoral Committee meetings were held on **10 August 2006** where 1 item was considered, **25 October 2006** where 1 item was considered and **30 March 2007** where 3 items were considered.



Executive mayor  
Clr. Mashilo S K

## 5.2. SOCIAL SERVICES AND COMMUNITY DEVELOPMENT SERVICES

Community Development Service is one of the three sections that comprise the NDM Department of Social Services. The main purpose of the section is outlined hereunder according to the programs that constitute it:

- **Municipal Health Services:**  
To ensure that appropriate municipal health services are effectively and equitably rendered in all the municipalities within the NDM.
- **Environmental Management:**  
To ensure that the NDM and its local municipalities comply with environmental legislation, policies and plans.
- **Waste Management:**  
To ensure the improvement of the provision of Waste Management Services within the NDM.
- **Housing:**  
To ensure the provision of Peoples Housing Program (PHP) by conducting building inspections.

- **Coordination of Provincial Social Cluster Programs:**  
To coordinate and support social cluster (departmental) programs.
- **Implement and facilitate:**  
Youth, People with disabilities and Women Programs and other poverty alleviation programs.

### 5.2.1. Municipal Health Services (MHS)

A Service Provider was appointed to conduct a Section 78 investigation (in terms of Municipal Systems Act 2000) in respect to MHS. The MHS remain being rendered by Steve Tshwete, Emalahleni, Delmas and Emakhazeni local municipalities and the Department of Health and Social Services is providing the service to both Thembisile and Dr JS Moroka local municipalities. To date a Status Quo Report, the Section 78 Report, the Draft Municipal Health Services and the Draft Municipal Health Services Strategy has been delivered and the former has gone through Council

already. Funding the MHS remains a challenge and engagements on the matter are continuing with the Department of Health and Social Services (MP).

### 5.2.2. District AIDS (DAC) and Local AIDS (LAC) Councils.

In June 2006 the NDM held an HIV & AIDS Summit which resolved to amongst others to:

- Revive and strengthen the District and Local AIDS Councils within Nkangala District;
- To that effect the NDM in partnership with MRDP/GTZ and Education and Training Unit (ETU) for Development and Democracy has supported the development of the HIV & AIDS Strategies for five local municipalities
- Improving collaboration between spheres of government through the implementation of the National Guidelines on HIV and AIDS for Local Government



**Community Development Service** is one of the three sections that **comprise the NDM Department of Social Services**

**Mrs. A Lubisi**  
Manager Social Services  
Nkangala District Municipality



### 5.2.3. Environmental Management

The State of Environment Report (SoER) for the NDM was completed and launched in September 2006. This project was conducted in partnership with the Department of Agriculture and Land Administration (DALA) and funded by the Development Bank of Southern Africa (DBSA).

The purpose of the SoER is therefore to support sustainable development decision making through the provision of credible environmental information, as well as increasing environmental awareness and understanding of environmental trends and conditions within the region. Reporting on the State of the environment is an important way of identifying, assessing and setting priorities for environmental issues, as well as determining whether environmental policies and actions are effective.

A Service Provider was also appointed and is in the process of developing an Environmental Management Policy for the NDM to amongst others; to ensure integration of environmental issues in the integrated development planning processes and effective co-ordination and integration of development initiatives within the district.

- To promote efficient land-use to create sustainable development;
- To ensure efficient and environmentally responsible use of energy, water and other natural resources;
- To ensure the effective management and protection of Nkangala District's rich biodiversity and unique sensitive environment areas;

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### 5.2.4. Waste Management

Qhakaza Development Consultants was appointed as a Consultant/Project Manager in the Implementation of Thembisile/ Dr. J.S. Moroka Waste Recycling LED Project as per Resolution DM127/06/2005. The project is a Council's initiative following the 2004 Vuna Awards prize money disbursement requirements. The main aim is to establish and operate a sustainable waste recycling project in Thembisile/Dr. J.S. Moroka Municipalities.

To date the following has been achieved:

- The construction of the Waste Sorting Facility (WSF) (6mx15m) at Kwaggafontein Plaza Landfill Site has been completed;
- Protective clothing, the weighing equipment and other health and safety equipment has been acquired



All the development that affect the environment, take place within **local municipal context.**

- A 6m<sup>2</sup> Low Bed Truck with high sides and a hook for the forklift to load recycling material has been procured for the project.

**5.2.5. Coordination and support of social cluster (departmental) programs**

Coordinate and support of health programs.

The department spearheaded and coordinated the alignment of the municipal Integrated Development Plans (IDP) with the departmental plans. This was achieved through regular meetings and workshops with the respective departments and reporting to management and council including its structures.

The main programs included:

- Capital projects and rehabilitation of health facilities
- HIV and AIDS and Voluntary Counseling Testing programs;
- Poverty Alleviation; and nutrition;

- Applicable Legislation and policies affecting the Council.

Coordinate and support Education programs

The main programs included:

- Capital projects, additions and renovations of schools;
- Adult Basic Education and Training (ABET);
- Awareness campaigns and road shows;
- HIV&AIDS interventions, school nutrition and transport programs.

Coordinate and support of Culture, Sports & Culture programs.

The main programs included:

- Infrastructure development, capital projects and renovations of sports and cultural facilities;
- Cultural & historical heritage programs;
- Mass participation programs
- Music Arts and Cultural festivals.



The NDM collaborated and participated in the preparations and celebrations of the provincial and district heritage month activities held at Dullstroom, Delmas and Thembisile respectively.

Coordinate and support social services (Welfare) programs

The main programs included:

- Social Assistance, including pay point development programs;
- Social Welfare Services including treatment and prevention of substance abuse;
- services to older persons and crime prevention;
- Development and Support Services including youth development;
- Poverty alleviation, NPO and welfare organization development and support;
- Population Development Services that includes population trends and patterns.

Coordinate and support youth commission programs.

The main programs included:

- Education and life-skills;
- Economic empowerment;
- Safety and security and crime prevention programs;
- Sports, recreation, arts and cultural programs

**5.2.6. Key Challenges**

- In terms of the National Health 61 of 2003, Municipal Health Services is the core function of the district municipalities effective from 01 July 2004. Funding the abovementioned NDM function is still unclear. Hence the COUNCIL resolved that the matter be pursued with the Provincial and National Treasury.

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- Environmental management is allocated as provincial function according to powers and functions, though municipalities are expected to comply with certain legislative requirements. All the development that affect the environment, take place within local municipal context.

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- The State of the Environment Report (SoER) has elucidated critical environmental management findings in respect of air pollution, land, water, waste management and biodiversity issues that need to be attended to. Amongst others the NDM is not rendering the Air Pollution Atmospheric Emissions Licensing Function in terms of the National Environmental Management: Air Quality Act 39 of 2004;

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- Certain operational challenges relating to the Thembisile and Dr JS Moroka Waste Recycling Project.

### 5.3. COORDINATION AND SUPPORT OF COMMUNITY SAFETY SERVICES

Numerous fire fighting projects have been put in place solely to enhance rapid response to emergencies, this projects also seeks to ensure that service delivery is evenly spread throughout the District.

Project No. 3702/05 Supply and delivery of a medium fire/rescue vehicle at an amount of R1 465 949.20. This vehicle was delivered in July 2006 and is alleviating the burden of quick response to both fire and road accident scenes at Thembisile and Dr JS Moroka municipalities. The Fire Engine carries 3000 litre water capacity tank, 150 litre foam capacity and the rescue equipments.

Project No. 7022/06 the construction of Thembisile Fire Station was allocated a budget to the amount of R7 000 000.00. The construction started in January 2007.

#### 5.3.1. Coordination of disaster management services

Project No. 3601/05 Implementation of powers and functions: Disaster Management plan for Thembisile Local Municipality. An amount of R200 000.00 was made available for this project which primarily includes risk and vulnerability assessment of the area.

Project No. 517118/04: Drafting of Disaster management framework and development of capacity building, communication and awareness strategy was completed in August 2006.

#### 5.3.2. Emergencies

The department has grown in leaps and bounds and has been able to respond effectively to all emergencies around the Thembisile and Dr JS Moroka municipal areas. The statistics below reflects the number of fire and rescue calls attended to by Kwa-Mhlanga fire station from July 2006 to June 2007





**JULY 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
07/07/2006 - Motor vehicle accident	-	2
09/07/2006 – Motor vehicle accident	11	-
15/07/2006 – Motor vehicle accident	1	-
16/07/2006 – Motor vehicle accident	3	1
17/07/2006 – Motor vehicle accident	3	-
21/07/2006 – Motor vehicle accident	1	-
21/07/2006	-	1
28/07/2006 – Motor vehicle accident	1	4
28/07/2006 – Motor vehicle accident	4	1
28/07/2006	4	-
29/07/2006	-	1
29/07/2006	2	-
29/07/2006	6	3
31/07/2006		
<b>Sub total</b>	<b>36</b>	<b>13</b>

**FIRE CALLS**

04/07/2006 – Veld fire	-	-
06/07/2006 – Shack fire	-	-
09/07/2006 - Car fire		
10/07/2006 – Veld fire	-	-
11/07/2006 – Business complex at Siyabuswa		
18/07/2006 – Veld fire	-	-
20/07/2006 – Bus fire	-	-
21/07/2006 – veld fire	-	-
25/07/2006 – Building fire	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	14
Fire Calls	:	9
Injuries	:	36
Deaths	:	13

**AUGUST 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
02/08/2006 – Motor vehicle accident	2	-
04/08/2006 – Motor vehicle accident	2	1
05/08/2006 – Motor vehicle accident	4	1
05/08/2006 – Motor vehicle accident	1	1
05/08/2006 – Motor vehicle accident	2	-



**AUGUST 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
10/08/2006 – Motor vehicle accident	-	-
11/08/2006 - Motor vehicle accident	12	-
11/08/2006 - Motor vehicle accident	2	-
27/08/2006 - Motor vehicle in collision with a cattle	1	-
28/08/2006 - Motor vehicle accident	-	-
31/08/2006 - Motor vehicle accident	1	-
<b>Sub total</b>	<b>27</b>	<b>3</b>
<b>FIRE CALLS</b>		
07/08/2006 – Shack fire	-	-
16/08/2006 – Veld fire	-	-
21/08/2006 – House fire	-	-
23/08/2006 – Veld fire	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls : 11  
 Fire Calls : 4  
 Injuries : 27  
 Deaths : 3

**SEPTEMBER 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
03/09/2006 - Motor vehicle accident	2	2
04/09/2006 – Motor vehicle accident	2	1
09/09/2006 – Motor vehicle accident	4	1
22/09/2006 – Motor vehicle accident	5	1
25/09/2006 – Motor vehicle accident	1	1
26/09/2006 – Motor vehicle accident	2	-
28/09/2006 - Motor vehicle accident	2	-
29/09/2006 - Motor vehicle accident	2	-
30/09/2006 - Motor vehicle accident	4	-
<b>Sub total</b>	<b>24</b>	<b>6</b>
<b>FIRE CALLS</b>		
03/09/2006 – Veld fire	-	-
03/09/2006 – Veld fire	-	-
04/09/2006 – Veld fire	-	-
06/09/2006 – Veld fire	-	-
07/09/2006 – Veld fire	-	-
09/09/2006 – House fire	-	-

**SEPTEMBER 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
<b>FIRE CALLS. Cont.</b>		
13/09/2006 – Veld fire	-	-
14/09/2006 – Veld fire		
15/09/2006 – Car fire	-	-
16/09/2006 – Veld fire		
22/09/2006 – Houses fire	-	-
26/09/2006 – Veld fire	-	-
<b>Sub total</b>		

Rescue Calls	:	9
Fire Calls	:	13
Injuries	:	24
Deaths	:	3

**OCTOBER 2006**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
05/10/2006 - Motor vehicle accident	-	1
10/10/2006 – Motor vehicle accident	2	-
12/10/2006 – Motor vehicle accident	-	-
14/10/2006 – Motor vehicle accident	2	-
14/10/2006 – Motor vehicle accident	20	-
15/10/2006 - Motor vehicle accident	6	
25/10/2006 - Motor vehicle accident	2	
28/10/2006 - Motor vehicle accident	1	
28/10/2006 - Motor vehicle accident	-	1
29/10/2006 – False alarm	-	-
29/10/2006 – Motor vehicle accident	-	-
31/08/2006 – Motor vehicle accident	1	-
<b>Sub total</b>	<b>34</b>	<b>2</b>
<b>FIRE CALLS</b>		
07/10/2006 – Veld fire	-	-
07/10/2006 – Veld fire	-	-
10/10/2006 – House fire		-
14/10/2006 – House fire	2	-
18/10/2006 – 3 cars on fire	3	-
24/10/2006 – False alarm	-	-
28/10/2006 – House fire	-	-
<b>Sub total</b>	<b>5</b>	<b>0</b>

Rescue Calls	:	9
Fire Calls	:	13
Injuries	:	24
Deaths	:	3

#### NOVEMBER 2006

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
03/11/2006- Motor vehicle accident	4	-
04/11/2006- Motor vehicle accident	8	-
04/11/2006- Motor vehicle accident	-	-
07/11/2006- Motor vehicle accident	-	1
11/11/2006- Motor vehicle accident	4	5
11/11/2006- Motor vehicle accident	2	-
14/11/2006- Motor vehicle accident	1	-
19/11/2006- Motor vehicle accident	-	-
19/11/2006- Motor vehicle accident involving 4 cars	12	-
24/11/2006- Motor vehicle accident	-	2
25/11/2006- Motor vehicle accident	5	-
27/11/2006- Motor vehicle accident involving stray animal	1	-
<b>Sub total</b>	<b>37</b>	<b>8</b>
FIRE CALLS		
18/11/2006 False alarm	-	-
24/11/2006 – House fires	-	-
25/11/2006– House fires	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	12
Fire Calls	:	3
Injuries	:	37
Deaths	:	8

#### DECEMBER 2006

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
08/12/2006- Motor vehicle accident	-	1
08/12/2006- Motor vehicle accident	3	-
09/12/2006- Motor vehicle accident	7	2
13/12/2006- Motor vehicle accident	-	-
15/12/2006- Motor vehicle accident	2	-
17/12/2006- Motor vehicle accident	9	-
17/12/2006- Motor vehicle accident	4	-
<b>Sub total</b>	<b>25</b>	<b>3</b>

**DECEMBER 2006.cont**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
<b>FIRE CALLS</b>		
07/12/2006 – House fire	-	-
15/12/2006 – House fire	-	-
19/12/2006 – KwaMhlanga Technical College	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>
Rescue Calls : 7		
Fire Calls : 3		
Injuries : 25		
Deaths : 3		

**JANUARY 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
02/01/2007 – Motor vehicle accident	-	1
04/12/2007 - Motor vehicle accident	2	1
05/01/2007 – Motor vehicle accident	-	1
06/01/2007 – Motor vehicle accident	4	
07/12/2007 – Motor vehicle accident	2	4
18/12/2007 – Motor vehicle accident	4	1
26/01/2007 – Motor vehicle accident	4	-
31/12/2007 - Motor vehicle accident		2
<b>Sub total</b>	<b>16</b>	<b>10</b>
<b>FIRE CALLS</b>		
18/01/2007 – Shack fire	-	1
28/01/2007 – House fire	1	1
<b>Sub total</b>	<b>1</b>	<b>2</b>
Rescue Calls : 8		
Fire Calls : 2		
Injuries : 17		
Deaths : 12		

**FEBRUARY 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
19/02/2007– Motor vehicle accident	1	-
12/02/07 – Motor vehicle accident	3	1
17/02/2007 – Motor vehicle accident	3	-
26/02/2007 – Motor vehicle accident	1	-
<b>Sub total</b>	<b>0</b>	<b>0</b>
<b>FIRE CALLS</b>		
21/02/2007 – House fire	-	-

**FEBRUARY 2007.cont**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
21/02/2007 – House fire	-	-
22/02/2007 – Shack fire	-	-
22/02/2007 – Shack fire	-	-
24/02/2007 – Building fire	-	-
24/02/2007 – false alarm	-	-
<b>Sub Total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	4
Fire Calls	:	5
Injuries	:	8
Deaths	:	1

**MARCH 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
03/03/2007– Motor vehicle accident	-	-
04/03/2007 – Motor vehicle accident	-	-
04/03/2007 - Motor vehicle accident	-	-
06/03/2007 – Motor vehicle accident	-	-
13/03/2007 - Motor vehicle accident	3	-
16/03/2007 – Motor vehicle accident	6	-
18/03/2007 – Motor vehicle accident	-	1
25/03/2007 – Motor vehicle accident	5	-
25/03/2007 – Motor vehicle accident	2	-
30/03/2007 – Motor vehicle accident	3	1
31/03/2007 – Motor vehicle accident	1	-
31/03/2007 – Motor vehicle accident	3	1
<b>Sub total</b>	<b>23</b>	<b>3</b>

**FIRE CALLS**

01/03/2007 – House fire	-	-
04/03/2007 – Shack fire	-	-
04/03/2007 - House fire	-	-
05/03/2007 – Wine refinery	-	-
09/03/2007- Veld fire	-	-
12/03/2007 – Veld fire	-	-
16/03/2007 – Shack fire	-	-
20/03/2007 – Electric transformer on fire	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	12
Fire Calls	:	8
Injuries	:	23
Deaths	:	3

**APRIL 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
01/04/2007– Motor vehicle accident	1	
01/04/2007– Motor vehicle accident	2	4
05/04/2007 - Motor vehicle accident	4	2
05/04/2007 - Motor vehicle accident	8	
06/04/2007 - Motor vehicle accident	3	
06/04/2007 - Motor vehicle accident	3	3
06/04/2007 - Motor vehicle accident	4	
06/04/2007 - Motor vehicle accident	-	
09/04/2007 - Motor vehicle accident	3	1
09/04/2007 – Motor vehicle accident	-	
14/04/2007 – Motor vehicle accident	20	
15/04/2007 – Motor vehicle accident		1
21/04/2007 – Motor vehicle accident	8	2
22/04/2007 – Motor vehicle accident	17	4
23/04/2007 – Motor vehicle accident	2	5
27/04/2007 – Motor vehicle accident	35	3
27/04/2007 – Motor vehicle accident	10	2
27/04/2007 - Motor vehicle accident	3	
27/04/2007 - Motor vehicle accident	1	
30/04/2007 - Motor vehicle accident	1	
<b>Sub total</b>	<b>125</b>	<b>27</b>
<b>FIRE CALLS</b>	-	-
08/04/2007 – Shack fire	-	-
11/04/2007 – Rubbish fire	-	-
11/04/2007 – House fire	-	-
15/04/2007 – House fire	-	-
20/04/2007 – Shack fire	-	-
22/04/2007 – Veld fire	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	21
Fire calls	:	6
Injuries	:	125
Deaths	:	27

**MAY 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
04/05/2007– Motor vehicle accident	2	-
05/05/2007 - Motor vehicle accident		-
06/05/2007 - Motor vehicle accident	3	-
06/05/2007 - Motor vehicle accident		2
12/05/2007 - Motor vehicle accident		-
13/05/2007 - Motor vehicle accident	1	-
13/05/2007 - Motor vehicle accident		-
16/05/2007 - Motor vehicle accident- involving a truck and a bus	40	-
-21/05/2007 – Motor vehicle accident	6	-
25/05/2007 – Motor vehicle accident	5	-
26/05/2007– Motor vehicle accident	5	-
27/05/2007- Motor vehicle accident	2	-
27/05/2007- Motor vehicle accident		-
27/05/2007- Motor vehicle accident	2	1
27/05/2007- Motor vehicle accident		-
<b>Sub total</b>	<b>64</b>	<b>3</b>

**FIRE CALLS**

06/05/2007 – Car fire	-	-
08/05/2007 - Building	-	-
10/05/2007 – House fire	-	-
14/05/2007 – Veld fire	-	-
19/05/2007 – Shack fire	-	-
27/05/2007 – Bottle store	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	12
Fire Calls	:	8
Injuries	:	23
Deaths	:	3

**JUNE 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
01/06/2007- Motor vehicle accident	1	4
03/06/2007- Motor vehicle accident	3	
05/06/2007- Motor vehicle accident	-	1
09/06/2007- Motor vehicle accident	-	-
10/06/2007- Motor vehicle accident involving five cars	10	-
11/06/2007- Motor vehicle accident	-	-
12/06/2007 -		

**JUNE 2007**

ACCIDENTS/INCIDENTS	INJURIES	DEATHS
6/06/2007- Motor vehicle accident involving a bus and two cars	40	
21/06/2007- Motor vehicle accident	2	-
29/06/2007- Motor vehicle accident	-	
30/06/2007- Motor vehicle accident	4	6
<b>Sub total</b>	<b>60</b>	<b>11</b>
<b>FIRE CALLS</b>		
01/06/2007 – House fire	-	-
01/06/2007 – False call	-	-
02/06/2007 – House fire	-	-
12/06/2007 – Transformer on fire		
18/06/2007 – false call	-	-
18/06/2007 - transformer on fire	-	-
27/06/2007 – Veld fire	-	-
27/06/2007 – Rubbish fire	-	-
<b>Sub total</b>	<b>0</b>	<b>0</b>

Rescue Calls	:	11
Fire Calls	:	8
Injuries	:	60
Deaths	:	11

The total figure of accidents and Incidents attended by the Kwa-Mhlanga Fire Station in the 2006/7 financial year are as follows:

- 137 rescue services,
- 74 fire incidents,
- 485 casualties
- 87 fatalities

Moloto road is being accountable for the majority of road accidents. The number of casualties and rescue services rendered exceeds that experienced in 2005/6 by far, with a high number of accidents experienced during the Easter Holidays while the shocking number of fires was experienced during the September month.

Although the department has made a remarkable achievement in implementing the above mentioned projects the following challenges needs to be addressed.

### 5.3.3. Key Challenges

- Lack of water supply that is frequently experienced in Kwa-Mhlanga area severely hampers effective fire fighting techniques.
- Lack of water tankers to assist in veld fire prone areas like Delmas, Belfast, Thembisile and Dr JS Moroka municipalities makes fire fighting very difficult during the veld fire seasons.

- Some municipalities like Emakhazeni, Delmas and Dr JS Moroka are experiencing enormous lack of capacity in terms of providing fire and rescue services.
- Not all the local municipalities have the disaster management plans in place as required by the legislation, thus making it difficult for NDM completing its Disaster Management Plan.
- The formation of disaster management advisory forum is of cardinal importance because this is a structure with delegated powers to make decisions in the event a disaster strikes.



## TECHNICAL SERVICES - INFRASTRUCTURE DEVELOPMENT

The following issues below are aimed at addressing infrastructure development challenges (NDM IDP):

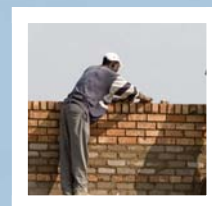
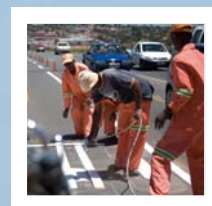
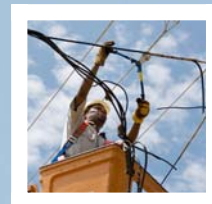
**Issue 12:** Water and Sanitation

**Issue 13:** Electricity Supply

**Issue 14:** Roads and Stormwater

**Issue 15:** Transportation

**Issue 20:** Job creation



## INFRASTRUCTURE PROVISION IS ALSO GUIDED BY THE 2014 VISION WHICH PROVIDES THE FOLLOWING MILESTONES:

- **By 2008** that every household should have **access to basic clear potable water**
- **By 2010** that **every household** must have a **decent sanitation**
- **By 2012** that every household must have **basic electricity**
- **By 2014** that **unemployment** should be **reduced by half**



Improved **quality of life** through balanced, **sustainable development & service excellence.**

**Clr. J L Dikgale**  
MMC - Infrastructure  
Development  
& Service Delivery

01



**Mr. A Zimbwa**  
Manager Technical Services  
Nkangala District Municipality

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#### 5.4. WATER AND SANITATION

In Mpumalanga all Local Municipalities have been authorized for the WSA function. The local municipalities do not have sufficient capacity to perform their WSA functions. The Nkangala District Municipality (NDM) however, must perform its required role in building capacity at local level and ensuring adequate sector planning and coordination.

##### 5.4.1. Key Performance Indicators

- All towns and settlements in the NDM area have access to basic water and sanitation services by June 2010 and metering and payment collection systems are upgraded parallel with the water provision systems by June 2007.
- The reticulation needs of Local Municipalities are reflected in the finalized Regional Water Services Development Plan by December 2006.
- The Water Services Development Plans of local authorities to be completed by September 2006.
- Business Plans for the Accelerated Services Delivery Initiative to be finalized by June 2006.
- Institutional arrangements at Dr JS Moroka and Thembisile local municipalities be resolved and if necessary agreements entered into with service providers (WSPs).
- Alternative sanitation systems to pit latrines that are environmentally friendly and yet cost effective are investigated and reported on by way of a Sanitation Policy: December 2006.
- The areas in need for VIP's are listed and communicated to the Water Collaboration Forum for funding by December 2006.
- The Section 78(i), (ii) and (iii) processes to be completed by December 2006.

#### 5.4.2. Institutional Arrangements

Section 79 Committee on Infrastructure and Service Delivery sat quarterly on 14 August 2006, 16 October 2006, 12 February 2007 and on 16 April 2007. NDM meets bimonthly with all local municipalities in its area of jurisdiction in water collaboration forum meetings to discuss water services issues including progress on compilation of WSDPs by all municipalities.

#### 5.4.3. Project implementation

**A.** Compilation of the regional water master plan and WSDPs. NDM appointed service providers on 12 June 2006 and in December 2006 to compile WSDPs for Thembisile and Dr JS Moroka Local

Municipalities. Both WSDPs were completed in the 2006/2007 financial year.

The Nkangala District Municipality (NDM) Water Master Plan (WMP) serves as a planning tool for water and sanitation services in the NDM's area of jurisdiction. NDM is not a water service authority (WSA) and is therefore not legally required by the Water Services Act of 1997 to develop a Water Services Development Plan (WSDP).

However, the WMP will serve the same purpose as the WSA's district wide WSDP and assist in meeting the millennium goals and sustainable water provision. The project commenced in April 2007.

**B.** The NDM spent a total R 26,237,261.77 and R 14,388,690.16 for water and sanitation respectively in 2006/7 Financial year.

**C.** The projects Cullinan and the Western Highveld Region Emergency Augmentation Scheme, was completed. The project involved the construction of a water pipeline from the existing Rand Water Bulk Supply in Mamelodi via Cullinan to Ekandustria in the Western Highveld to supplement the bulk water supply from Bronkhorstspuit Dam.

**D.** Free Basic Services  
The following table provides the status of the provision of free basic services in NDM and the implementation of Free Basic Policy.

Municipality	No Indigent h/h	Provision of Basic Services to Indigent				Provision of Basic Services			
		W	E	S	W	W	E	S	W
Steve Tshwete	10845	3876	5729	6620	6620	26057	24296	22743	22743
Delmas	2387	2387	2387	0	0	9249	2625	7897	0
Emakhazeni	650	650	650	650	650	10710	9037	650	650
Dr JS Moroka	1088	1088	762	259	0	1088	762	259	0
Thembisile	15041					15041	15 041		
Emalahleni	11735	11735	11735	11735	11735	48500	11 579	11735	11735
<b>TOTAL</b>	<b>41746</b>	<b>19736</b>	<b>21263</b>	<b>19264</b>	<b>19005</b>	<b>110645</b>	<b>63337</b>	<b>43284</b>	<b>35128</b>



In 2006/7 financial year, a total of **R4,145 million** was spent on **electricity projects** and **2300** households accessed basic **electricity supply**.

**WARNING**  
BEWARE  
OF POWER LINES  
IN THIS DIVISION

## 5.5. ELECTRICITY SUPPLY

Communities in NDM are fairly well supplied with electricity. About 215 911 of the 246 049 households in NDM have access to electricity. The largest backlogs are in Emalahleni (about 20000 units). The total electricity backlog in NDM is about 30 000 units.

The municipal electricity consumption index, which shows the number of people that are living in houses with or without electricity, shows that about 85% of the people lived in houses that were electrified and 15% were not electrified (Stats SA 2006). About 95% of the people in Thembisile and Dr JS Moroka Municipalities lived in houses that were electrified in 2005. In Emakhazeni and Steve Tshwete Local Municipalities about 88% of the people lived in houses that were electrified. Delmas ad Emalahleni Municipalities show the highest levels of backlog with about 72% in 2005.

### 5.5.1. Key Performance Indicators

- The role and responsibilities in terms of Integrated National Electrification Programme Business Planning Unit (INEP BPU), for electricity supply between Eskom, the District

Municipality and Local Municipalities (in line with REDS initiative) are clarified by March 2006 (especially for Emakhazeni, Dr JS Moroka and Thembisile).

- The implementation of the REDS initiative according to National Electricity Regulator (NER) in the NDM area is prepared by June 2006.
- The electricity supply network is expanded to serve the entire NDM community, including rural communities and farm workers by June 2008.
- The pre-paid metering system and vending machines are expanded to meet the needs of communities by December 2008.
- There is consistent quality of current and supply in the NDM area by December 2006.
- Free Basic Services are provided by Eskom and other Service Providers by June 2010.

### 5.5.2. Institutional arrangements

**5.5.2.1. Participation in the Energy Forum**  
NDM participates in the Mpumalanga Provincial Energy Forum that meets quarterly.

**5.5.2.2. Municipal preparation towards incorporation into the REDS**

The following are the requirements for participation:

- xxv. Signing of the Accession Agreement for participation in the RED.
- xxvi. MSA Section 78 process completed.
- xxvii. Ring fencing to be completed.

- xxviii. Due diligence to be completed.
- xxix. Participation in RED SIX stakeholder and Governance structures.

In NDM only Emalahleni and Steve Tshwete Municipalities have signed Accession Agreement. The other steps are not done yet. Mpumalanga and Limpopo sub-regional Engagement Forums were launched in May 2007. The REDS Six Regional Engagement Forum was launched on 20 July 2007.

### 5.5.3. Projects implementation

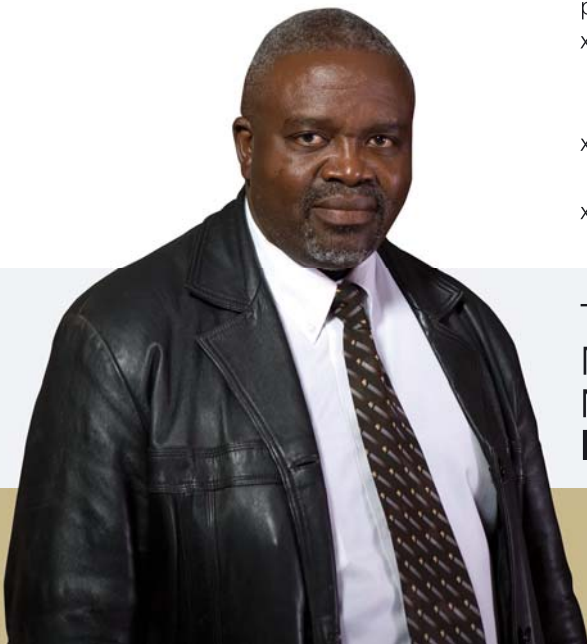
In 2006/7 financial year, a total of R4,145 million was spent on electricity projects and 2300 households accessed basic electricity supply.

The following electricity projects were implemented in 2006/7 Financial Year

- i. Emalahleni Local Municipality: Design and construct new 22kv substation structure, reroute cables and install new circuit breakers at Mopani and Blanchville substations for R1 145 000.
- ii. Emalahleni Local Municipality Remove, replace and upgrade old electrical services in Kwa-Guqa, Ext 4 & 5 for 1000 households, replace with low tension cables and split type prepaid meters for R2 000 000
- iii. Emalahleni Local Municipality Supply and install 80 streetlights in Phola to serve 480 households for R 400 000
- iv. Emalahleni Local Municipality Supply and install 120 streetlights at Lynnville to serve 720 households for R600 000.

The NDM has been allocated the function of Municipal Roads in Thembisile Municipality. NDM budgeted **R7,5 million in 2006/07 budget for roads in Thembisile Municipality**

**Clr. S A Malefo**  
MMC - Transport & Roads  
Nkangala District Municipality





## 5.6. ROADS AND STORMWATER

The NDM has been allocated the function of Municipal Roads in Thembisile Municipality. NDM budgeted R7,5 million in 2006/07 budget for roads in Thembisile Municipality. However, all Local Municipalities identify roads projects to be funded through the NDM Capital Grant.

### 5.6.1. Key Performance Indicators

- Thembisile Roads upgrading Plan completed by March 2007
- NDM Stormwater Management investigation to be completed by December 2006
- Classification of provincial and District roads to be completed by May 2006.

### 5.6.2. Institutional arrangements

Section 79 Committee on Transport and Safety met quarterly on 21 August 2006, 23 October 2006, 19 February 2007 and on 23 April 2007 .

### 5.6.3. Project implementation

(a). In 2006/7 financial year, a total of R28,6 million was spent on various roads and stormwater projects.

(b). Among the projects NDM implemented a project for Storm Water Master Plans (Moloto, KwaMhlanga and Kwaggafontein) for a budget of R1 500 000. During the project implementation, elevation surveys were done for the three towns. Combining that information with the Pavement Management System which was done in 2004/5 Financial Year a composite 3D model of the areas was created putting NDM in a position to determine the catchments areas. The output for the project was a stormwater master plan for the three towns of Thembisile Local Municipality namely Moloto, KwaMhlanga and Kwaggafontein.

## 5.7. TRANSPORTATION

In terms of powers and functions, the NDM is has been allocated the following transport related functions:

- Integrated development planning for the District Municipality as a whole, which includes integrated transport planning.

- Regulation of passenger transport services
- Municipal airports for Delmas, Dr. J.S. Moroka Emakhazeni and Thembisile Municipalities.

### 5.7.1. Key Performance Indicators

- Learner Transportation Investigation to be completed by November 2006.
- Annual updating for IDP including CPTR to be completed by March 2007.
- All implementation projects to be completed by 30 June 2007.
- Implementation of the Moloto Rail Action Plan.

### 5.7.2. Institutional arrangements

- The Section 79 Transport and Safety Committee sat quarterly in 2006/07 financial year.
- The Transport Forum meetings sat monthly.

### 5.7.3. Project implementation

#### 5.7.3.1. Moloto Corridor Development initiative.

- The Moloto Corridor Initiative detailed feasibility study commenced in October 2006 to be completed by November 2007.
- The detailed feasibility study was funded wholly by the Mpumalanga Provincial Government.
- The interim April 2007 detailed feasibility report indicated that the section of the rail between Siyabuswa and Gauteng is feasible.

#### 5.7.3.2. Current Public Transport Record (CPTR) Preparation 2006/2007.

The CPTR was prepared for providing records of public transport services facilities and infrastructure, which constitute the basis for development of operating licenses, strategies and integrated transport plans. The CPTR project commenced on 30 August 2006 and was completed on 30 April 2007.

## 5.8. JOB CREATION

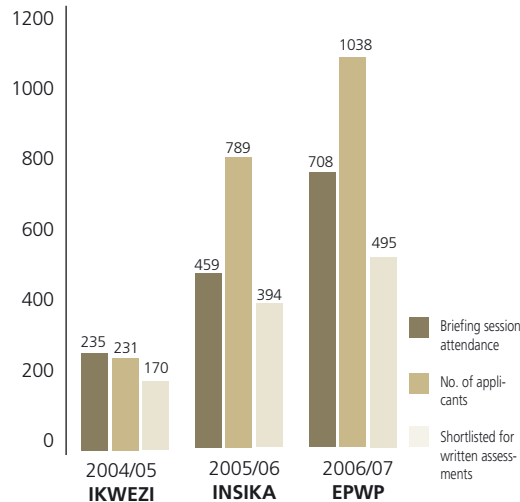
### 5.8.1. Implementation of the Expanded Public Works Programme (EPWP).

EPWP is one of government's short to medium term programmes aimed at alleviating unemployment coupled with training. The programme is to be funded from government's line budgets. To that end, NDM continued implementing the Expanded Public Works Programme (EPWP) learnerships in the infrastructure sector in 2006/7 financial year. NDM budgeted R57,8 million for the EPWP learnership program in 2006/07 financial year.

Seventy five (75) learnerships were implemented. This third learnership group was named Indzudzo. The Indzudzo group commenced on 4 September 2006. NDM has excelled in EPWP learnership implementation. Some of the highlights of the Indzudzo group are as follows:

- During the selection process priority was given to unemployed candidates and as a result all the 75 learners recruited were unemployed.
- Registration of learner contracting companies with the Registrar of Companies was done by NDM. This resulted in learners paying the minimum of R150 for company registration instead of exorbitant rates in excess of R1 500 charged by private companies.
- All three learners, the contractor and two supervisors, were registered as shareholders of the learner contracting company.
- The Chief Finance Officer of NDM was appointed as the accounting officer of learner contracting companies. This will assist in providing timely financial statements for learner contracting companies.
- On 3 July 2006 NDPW introduced a new stipend policy. Implementation progressed despite the new policy.

Some of the statistics monitored since the inception of EPWP implementation in NDM indicated a growing public interest in the programme as shown on Figure 1 below.



The statistics on EPWP implementation in NDM indicated on Figure 1 above indicate a growing public interest in the programme. One of the contribution factors is the high unemployment rate in the region which is estimated at 44% (NDM IDP Document 2006/07 – 2010/2011 pg.18). These delays are a major challenge in the implementation of a national programme that aims to address the socio-economic issue of unemployment.

The challenges that NDPW and CETA are facing necessitated the concept of implementing the EPWP learnership programme without the tripartite agreement but through an internal Project management Unit (PMU). To that end a PMU establishment concept document was developed to advance this view which was reaffirmed at the NDM Lekgotla held at Kloppenheim Estate on the 9th and 10th November 2006. EPWP implementation in NDM created 2 617 job opportunities in 2006/07 financial year.







NDM budgeted **R57,8 million** for the **EPWP learnership program** in 2006/07 financial year.

CHAPTER 6

## Units Reporting To The Municipal Manager

The Office of the Municipal Manager is responsible for amongst others the Local Economic Development, Planning, Implementation and Management Support Systems Information Technology, Public Liaison, Youth Development Units functions. The following are the reports emanating from each Unit:

### 6.1. LOCAL ECONOMIC DEVELOPMENT UNIT (LED)

LED is intended to maximise the economic potential of District and, to enhance the resilience of the macro-



01

**Clr. E Makhabane**  
MMC -  
Local Economic  
Development

economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development and to bridge the gap between the first economy and the second economy.

The LED Unit is mandated to promote local economic development, create conducive environment for economic growth, investment opportunities and job creation. Further more the LED unit is responsible to provide strategic framework to achieve Local Economic Development, and to facilitate the public private partnership, to providing direct and hands-on support to local municipalities.

During the year under review, activities took place in the various focal areas as listed below.

#### 6.1.1. Growth & Development Summit

The main goal of Growth and Development Summit that was held on the 1st and 2nd March 2007 was to review the previous summit agreement that was signed in 2005. The objectives of the 2007 agreement were to address the following:

- SMME development and support
- Tourism development
- Rural and urban integration
- Industrial and big business development
- Agricultural development

- Sustainable environmental development
- Human resources and community development
- Good governance and capacitation
- NEPAD and international cooperation

The growth and Development summit of 2007 was signed by various stakeholders from the following sectors: Business; Community representatives; organized labour Local municipalities and the sector departments. A total of 23 social partners signed the agreement compared to 9 that signed in 2005.

Key amongst those includes:

- Extrata Coal
- Anglo Coal
- Highveld Steel
- Exxaro Mining
- FNB
- ABSA
- Sasol
- Witbank Chamber



The LED Unit is mandated to promote local economic development, create conducive environment for economic growth, investment opportunities & job creation.



02

**E Phasha**  
LED Unit  
Nkangala District  
Municipality



### 6.1.2. The Mining Indaba

The mining indaba was successfully held in January 2007. The main objectives of the Mining Indaba were:

4. Ensure that government is committed to tackling the challenges of poverty and unemployment

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5. Ensure that the mining industry makes a meaningful contribution in terms of Corporate Social Responsibility (CSR), Social and Labour Plans (S&LPs), therefore plough back to community

---

6. Ensure that the mining industry contributes to skills development

---

7. Ensure that municipalities are aware of all impending mining rights, so as to plan for impending job and skills development opportunities that will arise from the mining projects

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8. Negotiate the revitalisation, re-use and rehabilitation as well as environmental adherence of mining land

---

9. Engage the Department of Mineral and Energy with a view of obtain necessary information on mining rights issued in the area and including the lifespan of mining in the district

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10. Encourage the establishment of partnerships between stakeholders to ensure that the mining industry benefits the majority of the people within the NDM

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11. Support to small scale mining initiatives

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12. Encourage the mining industry to participate and commit in the forthcoming Growth and Development Summit

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13. Broad Based Black Economic Empowerment opportunities in mining

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14. Participation of communities in business start ups in the industry

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LED is intended to **maximise the economic potential of District &** to enhance the resilience of the **macro-economic growth...**

Three Commissions were established and resolved on the follows:

- That a skills audit should be conducted as a matter of urgency and NDM should lead the process by engaging the relevant government departments and mining houses to co-fund this initiative
  
- That mining houses and Mining Qualification Authority should provide a list of critical skills or hard to fill positions in the industry
- Identify opportunities for incubation of SMMEs to advance BEE and local procurement;
  
- That Mintek and CSIR –Miningtek should be invited to participate in the Local Economic Development Forum to explore the possibility of converting the research work undertaken into teaching material fore distribution to schools and tertiary institutions in order to
  
- Begin a process of getting the mining industry to award bursaries and mentorship's for environmental rehabilitation as a proactive measure to mine closure and develop income streams for local communities out of the programme.
  
- That a Memorandum Of Understanding (MOU) between government, institutions of higher education (Universities and Universities of Technology) and mining houses should be entered to identify educational needs, provide bursaries and meet the labour demands of the industry,

### 6.1.3. Moloto Corridor Development Anchor project

Objectives of the project include:

- To benefit the communities of the rural areas very much so that they can travel to their destinations at affordable fares and with comfortable and safe transport.
- To help to uplift the economic situation of the region as a whole which, is home to thousands of very poor rural people.

The project is at an earlier stage and a feasibility report has been submitted. An economic study is currently underway – with the aim of determining the economic impact the project may have on the community.

### 6.1.4. Highlands Gate Anchor Project

It aims at turning Dullstroom into a tourist destination and to create employment. The necessary infrastructure such as overall construction including fence and wall has been completed.

### 6.1.5. Development Of Strategic Documents

#### 6.1.5.1. Industrial Strategy Development

The strategy aims to promote investment and facilitate development within local industries based on local competitive advantages, skills and resources.

Objectives are

- Employment and skills development
- Sustainable growth & Integrated development
- Increased Industrial Investment
- Strengthen and create linkages
- Improve the competitive position
- Production diversification

By the end of the financial year 2006-2007 the Terms of Reference for the development of the Industrial

Development Strategy were concluded and the Tenders/Proposals were invited.

#### 6.1.5.2. Tourism and Branding Strategy Development

The strategy aims to develop a progressive and sustainable tourism destination which delivers economic and social benefits to all communities, while providing a memorable tourism experience for all visitors.

The objectives of the strategy are:

- Understand target markets;
- Develop a strong tourism supply base;
- Improve geographic distribution of visitors;
- Reduce the seasonality patterns of travel throughout the year; and
- Effective industry management, coordination and communication.

The Terms of Reference for the development of the Tourism and Branding Strategy were concluded and the Tenders/Proposals were invited.

#### 6.1.5.3. LED Marketing Strategy Development.

The objectives of the strategy are:

- Inform the public about the current LED activities of NDM and the Local Municipalities
- Stimulate the participation of potential stakeholders in the LED process
- Inform the business sector about investment opportunities in Nkangala
- Attract the local business community as well as new investors to take up an active role in the implementation of the 8 LED anchor projects and establish new business

The Terms of Reference for the development of the LED Marketing strategy were concluded and the Tenders/Proposals were invited.

#### 6.1.5.4. Second phase of Formalization of historical sites study

The primary aim of the Formalization of Cultural and Historic Sites is to design an effective integrated cultural resources management plan in order to assist the NDM to fulfill its management mandate for the benefit of all.

The objectives of the project are:

- Establish an effective ICRMP with conservation and sustainable utilization of cultural resources in NDM based on socio-economic and political inclusion and cohesion.
- Assist NDM to prepare nomination of selected sites as Grade 3 (Local) Heritage Sites under the provisions of the NHRA
- Highlight the immediate need to retain and train professional staff to implement the ICRMP in the NDM
- Highlight the significance of NDM cultural heritage resources as potential tools for an effective socio-economic development within the District Municipality system.
- Raise awareness and stimulate interest in the NDM Cultural Landscape at local, provincial, national levels and even international levels.





LED Objective: to Attract the **local business community** as well as new investors to take up an active role in the implementation of the **8 LED anchor projects and establish new business**

## 6.2. PLANNING, IMPLEMENTATION, MANAGEMENT, SUPPORT SYSTEMS (PIMSS)

2006/7 financial year was the best one in that a number of achievements were attained across the Key Performance Areas (KPA's) of the Unit. The success of the Unit can be attributed to the fact that the centre had full staff complement, which led to the proper sharing of roles and responsibilities. Cooperation from internal departments and other key stakeholders also played a major role in ensuring that the objectives of the Unit were met.

The KPA's that the Unit focuses on included IDP Review, Community Participation, Capacity Building, IDP Implementation, and Planning Coordination.

### 6.2.1. IDP Review:

Municipal IDP's for the District and the local municipalities were assessed. Prior to and upon the adoption of the District Framework Plan, Local Municipalities (LM's) were assisted per request in terms of finalizing their process plans. The District Framework/Process Plan was reviewed and adopted by the council on the 30th of May 2007 and municipalities adopted Process Plans by the 30th of July 2007.

The IDP of the NDM was reviewed and adopted by the council on the 30th of March 2007 subsequent to the local municipalities adopting theirs in the

middle of March, with the exception of Thembisile which adopted theirs towards the end of March.

### 6.2.2. Community Participation:

Meetings in all local municipalities were attended and the minutes were compiled. Community participation report was compiled and community needs reflected in the IDP for prioritization. Status quo and functionality of ward committees' reports were compiled on a quarterly basis.

### 6.2.3. Capacity Building:

The District has established a library. Books cover topics: municipal planning, environmental management, understanding the role of state in development, project management, leadership, strategy formulation and implementation, ICT, Municipal finance, Knowledge Management, capacity building (municipal)

In order to improve the public perceptions about the District, the District participated in a good governance pilot study which was successfully conducted. The District (NDM) partnered with GTZ and Afesicorplan (East London based research institution)

In order to improve the functionality of ward committees the District organized training for all ward committee members in the District and it was successfully conducted. Training took place between September 2006 and February 2007.

**2006/7 financial year** was the best one in that a number of achievements were attained across the **Key Performance Areas (KPA's) of the Unit**



**P Raputsoa**  
Asst. Manager PIMSS  
Nkangala District Municipality



#### 6.2.4. IDP Implementation:

- Projects from the NDM, sector departments, other social partners were received and incorporated into the 2007/8 IDP
- Operationalization of NDM GIS initial steps were taken towards ensuring utilization of GIS in planning.
- A discussion paper on the functionality of IDP structures was compiled.

#### 6.2.5. Planning Coordination:

The IDP indaba was held in which all key stakeholders affirmed their commitments to the District as reflected in the IDP. A working session was organized and all senior managers were engaged and council objectives & indicators in the IDP quantified, linked and enhanced.

Sector departments were continuously engaged in furnishing the district with the progress made in implementing their respective programmes/ projects

throughout the district and reports. The Unit was key in the coordination of the IDP, PGDS and NSDP alignment exercise whereby working sessions were successfully held and various progress reports produced

The Unit also to a greater degree of success coordinated participation of sector departments in the IDP processes. The 2007/08 IDP of the District as adopted by Council in March 2007 is constituent of all the projects from various stakeholders.



### 6.3. INFORMATION TECHNOLOGY UNIT

Since Nkangala District Municipality provides infrastructure and resource management to the area of governance, it is vitally important that a service of high quality is provided to all stakeholders at affordable rates and within reasonable timeframe. Thus, a need for the computerization of systems within NDM in an effort to becoming e-compliant is crucial and thus the unit's primary objective is to serve the immediate needs of the district concerning the application and operation of its computer systems and access to information on local networks and the public internet by the relevant stakeholders.

#### 6.3.1. Main objectives

The following remain the main objectives for the existence of the ICT Unit:

- Implementation of e-Government within the district.
- Enablement of access to information for all relevant stakeholders.
- Maintenance and implementation of ICT's within the district to fast-track service delivery.
- Management and maintenance of hardware, networks, infrastructure, and provision of general ICT support.
- Management of Information Systems in line with the vision and mission of NDM.

#### 6.3.2. Challenges and Success

During the financial year 2006/07 the ICT unit has implemented and/or developed the following systems:

- The NDM's website has been revamped from static to dynamic whereby all stakeholders can update their own information interactively. The website address still remains [www.nkangaladm.org.za](http://www.nkangaladm.org.za). It is thus imperative that the bandwidth be increased from 512mb to 1GB so as to facilitate fast access to the web.
- An Electronic Document Management System viz Collaborator was commissioned in January 2007.
- A Library System viz LIBWIN was commissioned in October 2007 and currently the relevant library information is being uploaded onto the system.
- The VIP Premier – which is a payroll system, was commissioned in April 2007 and is fully functional.
- The necessary links to the Project Management System (PMS) has been created.
- The Master Systems Plan (MSP) for Nkangala District Municipality was developed in June 2007.
- The Disaster Recovery Plan and Business Continuity Plan (DRP/BCP) for Nkangala District Municipality was developed in January 2007

**“If the citizen is able to gain access to everything they need through a single channel, there may well be less of a need for them to deal with different departments.”**  
- lyndall shope-Mafole.



**A T Maseko**  
Ass. Manager: IT  
Nkangala District Municipality





The unit's primary objective is to serve the **immediate needs of the district concerning the application and operation of its computer systems and access to information** on local networks and the public internet by the relevant stakeholders.

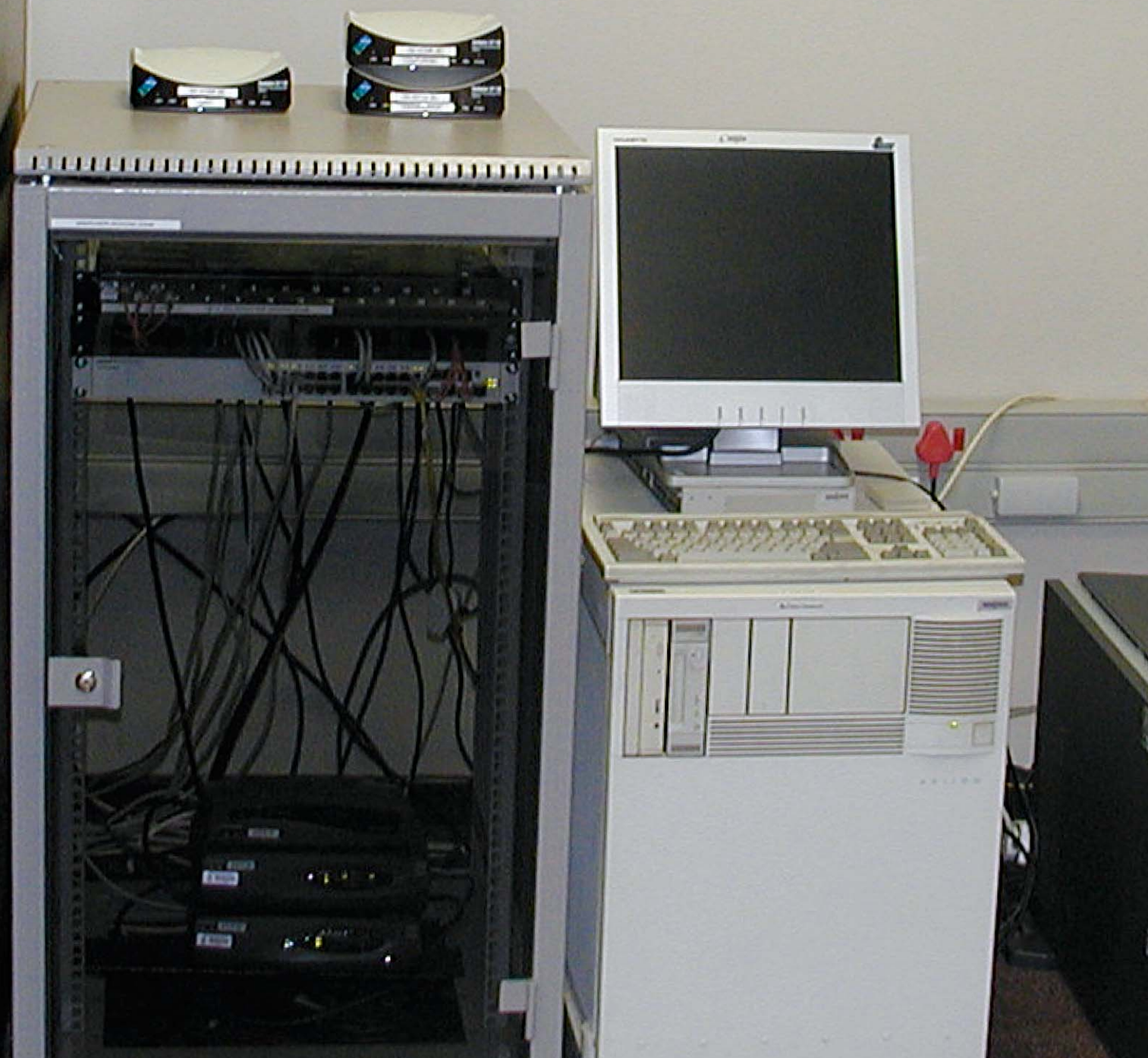
and the recommendations thereof are being implemented.

- A Video/Audio system was implemented and incorporate a video conferencing facility.
- Presently the major challenge is the lack of Service Level Agreements (SLA's) for the maintenance and support of both hardware and software equipments.

For the past five years NDM has been participating in the ICT in local government surveys conducted by forge ahead and has been found to be

in par with the ECT Act requirements and other technological developments.

The ICT section has also taken strides in complying with e-Government initiatives and current ICT trends in government as Brett Haggard, writing in the ICT in government bulletin, in reference to Lyndall Shope-Mafole says, "if the citizen is able to gain access to everything they need through a single channel, there may well be less of a need for them to deal with different departments".



#### 6.4. PUBLIC LIAISON

The Unit exists to provide strategic leadership to, and coordination of, the Nkangala District Municipality communication, Public Liaison, Information dissemination, knowledge management, marketing and advocacy activities.

Through its Communication Strategy, the Nkangala District Municipality embarked on an outreach programme in order to provide a report to communities with regards the implementation of projects as prioritized on the district IDP. The meetings were held in all local municipalities in August 2006 and January 2007. All local municipalities were visited.

The Nkangala District Municipality also utilizes both electronic and print media to improve and broaden communication within its jurisdiction. In the meetings such as Women

Summits, Mining Indaba, Growth and Development Summit, Budget Speech, media was informed and invited to cover stories. Article reports appeared in the following Media:

- Daily Sun – Vuna Awards
- Engineering News – Growth and Development Story and Mining agreement story
- Mpumalanga News – Twinning Agreement with Congo and Budget Speech
- Mirror – community participation in Emakhazeni and opening of new mine in Nkangala
- African Eye News – Vuna awards, Women Summit, GDS, SOER, Moloto Rail System, etc
- Ligwalagwala FM – interviews on several topics
- Ikwekwezi FM Interviews on several topics

Breakfast meeting with Media was also arranged to try and strengthen the relationship with Media.

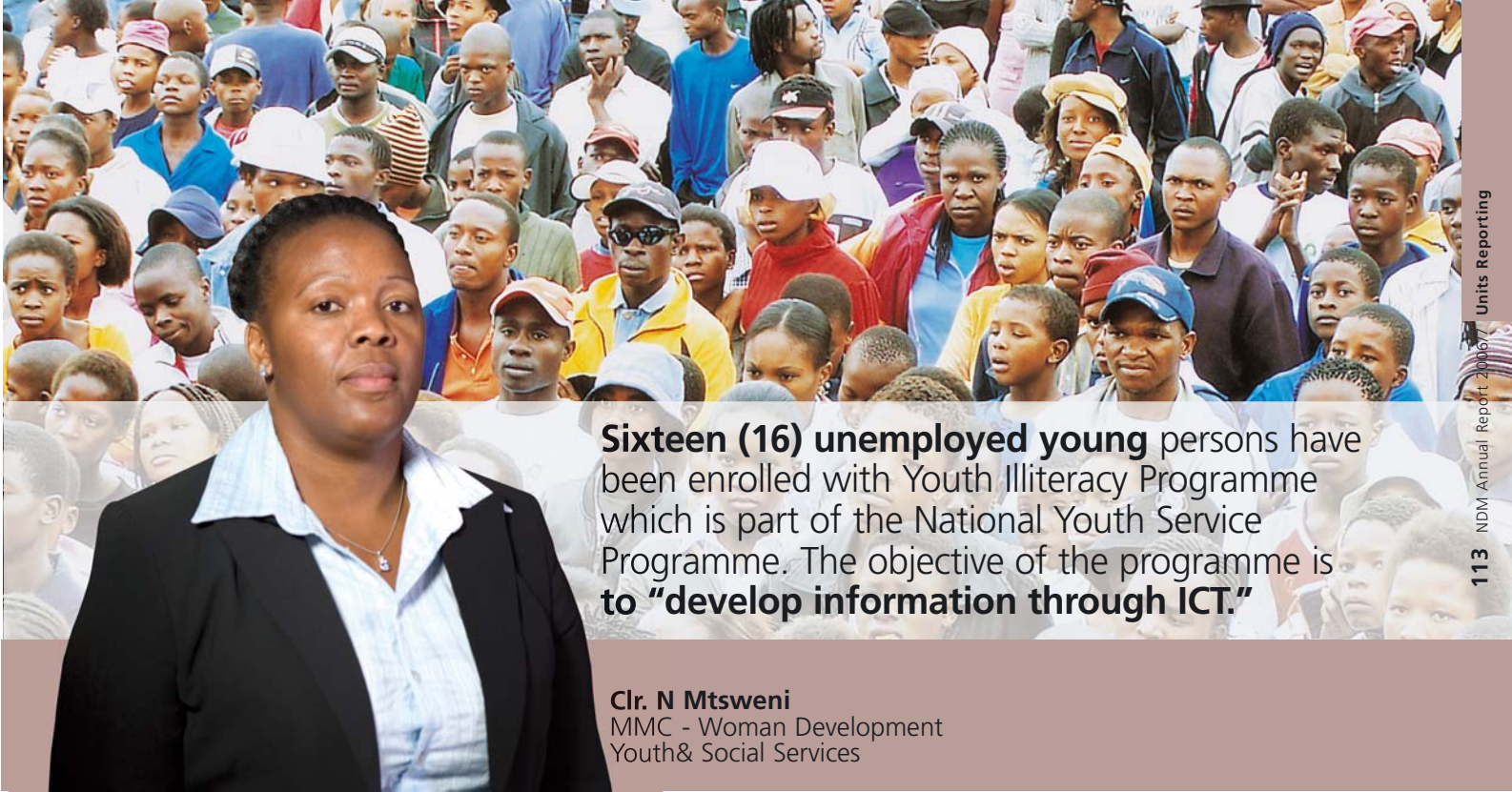
Interviews were also conducted with community radio stations (KCRS and Middelburg Community Radio).

NDM newsletter was also published featuring stories around the Mayor visit Alberta City in Canada, Vuna Award, Mining, Growth and development, NDM new home, etc. it also carries stories contributed by all local municipalities. Brochures summarising who Nkangala is and the population, also highlighting the vision and mission and contacts of local government were also produced and distributed.



The Nkangala District Municipality also utilizes both electronic and print media **to improve & broaden communication within its jurisdiction.**

**J T Masondo**  
Public Liaison  
Nkangala District Municipality



**Sixteen (16) unemployed young** persons have been enrolled with Youth Illiteracy Programme which is part of the National Youth Service Programme. The objective of the programme is to **“develop information through ICT.”**

**Clr. N Mtsweni**  
MMC - Woman Development  
Youth & Social Services

**6.5 YOUTH DEVELOPMENT UNIT**

The NDM Youth Development Project amongst others aims to achieve the following:

- To design and compile a Youth Policy and adapt same for each of our NDM Local Municipalities.
- To arrange youth programs, subject to directions and instructions from each Municipality in accordance to their IDP's.
- To liaise with the Youth Funding Organization and to identify a Youth Pilot Project and generally to link the mobilized youth in each Municipality with these agencies.
- To facilitate the election/establishment of Local SAYC in each of the specified Municipalities.

To date all the Local Municipalities held their youth summits with the purpose of assessing the implementation of the resolutions taken at the NDM youth summits in Kloppenheim in 2006.

Local Units were established and youth managers were appointed in at least 5 local municipalities as part of institutionalization of youth development. Sixteen (16) unemployed young persons have been enrolled with Youth Illiteracy Programme which is part of the National Youth Service Programme. The objective of the programme is to “develop information through ICT. A Youth in Construction Workshop spearheaded by the Department of Public Works was also held at Loskop Aventura in June 2007 as part of Youth Economic Empowerment.

2007 Youth Day (June 16) took place in our District under Thembisile local Municipality. Youth around the Province participated in the event that took place in Kwa-Mhlanga Solomon Mahlangu Stadium. The District participated in the organizing of the event.

A Youth in Construction Workshop spearheaded by the Department of Public Works was also held at Loskop Aventura in June 2007 as part of Youth Economic Empowerment.



## Faces of Nkangala District Municipality

The Nkangala District Municipality is comprised of fifty (55) Councillors, elected from all six municipalities within Nkangala District. The Mayoral Committee Members are also chairing committees established in terms of Section 79 of the Local Government: Municipal Structures Act 117 of 1998.





## CHAPTER 7

**CONCLUSION**

Notwithstanding some of the challenges as highlighted, much has been attained by the District. The District hold the view that through continued harnessing the optimal participation of the entire populace of the District and the social partners in the decision-making processes of Council the NDM Vision shall surely be realized.

NDM further hold the view that through initiatives such as District Makgotla, Economic Sector Summits and so forth, the livelihoods of the communities will be enhanced. It also hold the view that through the Inter-Governmental Relations (IGR) structures and mechanisms the district has put in place, the District together with its constituent Local Municipalities will continue to shine as institution of excellence in good governance.

**ACRONYMS**

<b>EPWP</b>	: Expanded Public Works Programme
<b>NDM</b>	: Nkangala District Municipality
<b>SOER</b>	: State of Environmental Report
<b>ASGISA</b>	: Accelerated and Shared Growth Initiative for South Africa
<b>LED</b>	: Local Economic Development
<b>IDP</b>	: Integrated Development Plan
<b>SAMWU</b>	: South African Mine Workers Union
<b>IMATU</b>	: Independent Municipal Allied Trade Union
<b>KPA</b>	: Key Performance Area
<b>PGDS</b>	: Provincial Growth Development Strategy
<b>NSDP</b>	: National Spatial Development Perspective
<b>DBSA</b>	: Development Bank of South Africa
<b>NEMA</b>	: National Environmental Management Act
<b>NPI</b>	: National Productivity Institute
<b>SALGA</b>	: South African Local Government Association
<b>DALA</b>	: Department of Agriculture and Land Administration
<b>CSR</b>	: Corporate Social Responsibility
<b>S&amp;LP</b>	: Social and Labour Plans
<b>BBBEE</b>	: Broad Based Black Economic Development
<b>HRD</b>	: Human Resource Development
<b>RSC</b>	: Regional Services Council
<b>SDBIP</b>	: Service Delivery and Budget Implementation plan
<b>MFMA</b>	: Municipal Finance Management Act
<b>CFO</b>	: Chief Financial Officer
<b>MSA</b>	: Municipal Systems Act
<b>MIG</b>	: Municipal Infrastructure Grant
<b>GRAP</b>	: Generally Recognised Accounting Practices
<b>GAMAP</b>	: Generally Accepted Municipal Accounting Practices
<b>GAAP</b>	: Generally Accepted Account Practices
<b>DWAF</b>	: Department of Water Affairs and Forestry
<b>CLLR</b>	: Councillor
<b>LGSETA</b>	: Local Government Sector Education Training Authority
<b>MHS</b>	: Municipal Health System
<b>DAC</b>	: District Aids Council
<b>LAC</b>	: Local Aids Council
<b>WSF</b>	: Water Sorting Facility
<b>ABET</b>	: Adult Basic Education Training
<b>WSA</b>	: Water Services Authority
<b>WSP</b>	: Water Services Provider
<b>WSDP</b>	: Water Services Development Plan
<b>NER</b>	: National Electricity Regulator
<b>CPTR</b>	: Current Public Transport Record
<b>CETA</b>	: Construction Education and Training Agent
<b>PMU</b>	: Project Management Unit
<b>CSR</b>	: Corporate Social Responsibility
<b>SMME</b>	: Small Micro Medium Enterprise
<b>LM</b>	: Local Municipality
<b>GTZ</b>	: Deutsche Gesellschaft für Technische Zusammenarbeit
<b>ICT</b>	: Information Communication Training
<b>MSP</b>	: Master System Plan
<b>ECT</b>	: Electronic Communication Transaction
<b>GDS</b>	: Growth and Development Summit
<b>KCRS</b>	: Kangala Community Radio Station
<b>SAYC</b>	: South African Youth Commission
<b>IGR</b>	: Inter-Governmental Relations
<b>DMA</b>	: District Management Area
<b>SCM</b>	: Supply Chain Management
<b>MOU</b>	: Memorandum of understanding

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# NDM

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