



Pixley ka Seme
District Municipality

2006 / 2007

A N N U A L R E P O R T



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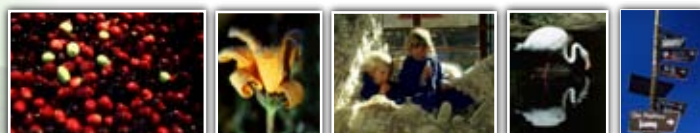
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FOREWORD BY THE EXECUTIVE MAYOR

We are responding!!!

We said in the 2006/2007 budget speech. "We have made great strides in the past year, but we acknowledge that a lot still needs to be done to ensure that the people of Pixley ka Seme Region can confidently say that the developmental programme of this government is starting to impact positively on their lives. We need to ensure that we achieve our own objectives as part of the national programme of action in order for the people of Pixley ka Seme Region to realize that their confidence in us on March 2006 was not misplaced and wishful. The masses entrusted their future prospects and that of their children unto us. We dare not fail them"

In the execution of our noble duty, we the Councilors of Pixley ka Seme District Municipality are always guided by the constitutional mandate.

1. To provide democratic and accountable government for local communities.
2. To promote social and economic development.

It is indeed with the abovementioned constitutional mandate in mind that the Mayoral Committee adopted a programme for Council Izimbizo. This programme will result in the Mayoral Committee visiting at least one municipality per month to interact directly with the people. This programme will definitely enhance the relationship between the councilors and the masses and will also ensure that we are not called upon to act as fire – extinguishers.

We could also during the last financial year ensure that we convene increased number of IGR – meetings. These meetings resulted in all municipalities moving closer to each other and sharing the same agenda in improving the lives of our people. Municipalities also had the opportunity to share the challenges of service – delivery with our counterparts from the other government departments. The IGR – forum also provided the government in the district with the opportunity to synergize our planning and to improve service – delivery to our people.

During 2006/2007 we started a very strenuous process of consultation on the DGDS as we are also reminded by the constitution that we need to improve the social and economic conditions of the previously marginalized people. That process culminated in our final adoption of our District Growth and Development Strategy which strategy will serve as our economic blueprint for the district. This strategy clearly outlines the economic strength and potential of the district and we will pursue the implementation of it with much vigor.

We could also, during the last Financial Year launch the Website for the municipality which we believe will further enhance and popularize the economic and social capacity of

the district. We could also launch the Umsobomvu Youth Advisory Centre in De Aar. This centre will broaden the scope for our youth. We are also thankful for Umsobomvu Youth Fund for their commitment to assist us to open 5 more YAC's in the district in 2008.

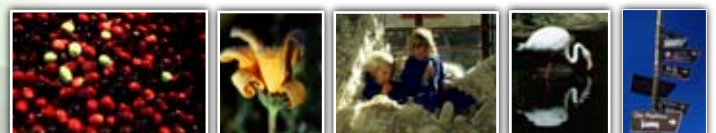
We acknowledged during the 2006/2007 budget speech that we have a high number new councilors, which councilors must be capacitated on local government legislation and processes. Pixley ka Seme District Municipality ensured that all Councilors in the district were taken through an extensive training programme on local government finances and the budgeting process as it is important for councilors to also understand the administrative processes in the municipalities.

Part of our mandate when we started in 2006 was to eradicate the buckets by the end of 2007. Since 2003 we succeeded to eradicate more than 10 000 buckets and thereby restoring the dignity of our people. Currently we are in a process to eradicate close to 1 900 buckets. Our municipalities are hard at work to ensure that we succeed with this programme.

It is worthwhile to note that we succeeded to spend 100% of our MIG funding, which means that we ensured that we spent all our allocated funds on the identified projects. This was possible because of the dedicated management team and staff employed by Pixley ka Seme District Municipality, led by us as elected representatives. We could also ensure that there was no over – expenditure on the operational budget for the last financial year which is a clear indication of the effective Financial Management Systems we could put in place over the years.

We also made a commitment that during this financial year that Pixley ka Seme District Municipality will be moving into its new extended offices and council chambers in 2008. We are glad to announce that we are on track with the construction of the new offices.

The annual report will further indicate the positives we could achieve during the last financial year, but it will also highlight the difficulties we experienced and the challenges we still need to overcome. The report will in the main indicate that indeed Pixley ka Seme District Municipality is a growing institution and we are responding to the needs of the people. Pixley ka Seme District Municipality will always strive to ensure that we better the lives of the people.



CHAPTER ONE

Performance Highlights

Our Mandate

In his State of the Nation Address on the 3rd February 2006 President Thabo Mbeki stated that we live in an Age of Hope. During the year under review we celebrated the 10th anniversary of the South African constitution which was signed into law on 10 December 1996. At the time the Constitution involved many South Africans in the largest public participation programme ever carried out in the country and consists of integration of ideas from ordinary citizens, civil society movements and political structures represented in and outside the Constitutional Assembly. The Constitution represents the collective wisdom of the South African people and today is regarded as one of the most progressive constitutions in the world.

During the year under review, the District Municipality again registered a number of achievements, some of which are reflected hereunder. In April 2006 all the Councillors and the Senior Management of the Pixley ka Seme District Municipality retreated to Vanderkloof, Pride Rock Lodge, for a strategic planning session in order to determine the strategic priorities of the municipality leading up to the period 2014 and more specifically identify strategic priorities that will inform the 2006/2007 financial year. In line with the National and Provincial Targets, the District Municipality resolved to endorse the Five Year Local Government Strategic Agenda. Central to the agenda is the five Key Performance Areas as identified by the National Department of Provincial and Local Government. The Five Key Performance Areas are as follows:

- Municipal Institutional Development and Transformation,
- Basic Service Delivery,
- Municipal Financial Viability and Management,
- Good Governance and Public Participation, and
- Local Economic Development.

Spatial Development Initiative

The District Municipality has successfully completed the compilation of its Spatial Development Framework (SDF). The plan is a major achievement in the continued drive by the Council to eradicate the damage wrought by decades of colonial and apartheid manipulation of settlement patterns and economic activity in the district. Following on from the 2003 SDF, the SDF 2007 is not only an update of the original plan; it also provides a framework for a far more focused intervention by the Council in equitable and sustainable development. It represents a key instrument in the Council's drive towards ensuring greater economic growth, buoyant and sustainable job creation and the eradication of poverty.

The plan demonstrates the urgency as to the kind of space economy we require if we are to achieve our development objective of a better life for all. Key to the plan is the identification of some localities throughout the district which link to the National Spatial Development Perspective (NSDP) and these include development areas, corridors and nodes. The growth and development performance of these localities are crucial to the attainment of our development objectives.

The National Spatial Development Perspective (NSDP), which was approved by cabinet in 2003, is an overarching framework to encourage interaction between different spheres of government. It provides the methodological tools and principles to make government decisions on infrastructure-investments and development spending more focused.

Corporate Services

The purpose of the Department is to lead and direct Corporate Services so that the Municipality is provided with efficient and effective support services in relation to Human Resource Management, Legal, Administration and Information and Technology. During the year under review we undertook a tedious process of reengineering of the organisational structure to enable the institution to respond more swiftly to challenges of development. It is important to note that after the structure was approved by Council critical appointments were made to boost the implementation capacity of the District Municipality. We appointed three Environmental Health Practitioners, Project Manager, two technicians/engineers, and a Manager for Housing. The appointment of the three Environmental Health Practitioners will increase the capacity of the District Municipality to respond to municipal health challenges that confront the district. We are currently in a position to render the minimum level of service with regard to municipal health services. For 2005/2006 financial year the District Municipality won a provincial certificate from LGSETA as the best District Municipality in the Northern Cape for the Development and Implementation of Workplace Training. This provincial certificate was accompanied by a prize money of R15 000. 00.

Eradication of buckets and grant funding

In responding to the call by President Thabo Mbeki to eradicate all buckets on formal sites, the District Municipality jerked-up its programme on bucket eradication. In 2003



the district had about 13 000 buckets on formal sites. Comparatively speaking this was more than half the number of buckets in the whole Northern Cape Province, and more than the total number of buckets in Gauteng Province. Incrementally we managed to reduce the total dependence on buckets as form of ablution system. In 2007 the district only had about 1 900 buckets on formal sites. All outstanding buckets are under construction and we continue declaring our unflinching commitment that by the end of 2007 there will be no buckets on formal stands and sites in the district. It is also important to note that the rejection by communities of an alternative dry sanitation compounds issues regarding eradication of buckets. The district is a water stricken area and the sustainability of full-water borne sanitation in some areas is questionable.

Municipal infrastructure Grant and Provincial Infrastructure Grant

The District Municipality received R6.214 Million for the implementation of the approved MIG projects. All these projects were aimed at improving the bulk service infrastructure projects in the district. It is important to note that the district spent 100% of its Municipal Infrastructure Grant for the year under review. The Department of Housing and Local Government allocated an amount of R12 Million for bucket eradication in the district. The following projects were implemented from the Provincial Infrastructure Grant:

- Ubuntu Municipality for the installation of sewer network and pump stations,
- Renosterberg Municipality for the construction of toilet structures and erf connection in Phillipstown,
- Kareeberg Municipality for the installation of bulk sewer network in Carnavon,
- Thembelihle Municipality for the construction of the new oxidation ponds in Strydenburg and for acceptable sanitation for the informal settlement in Hopetown,
- Siyancuma Municipality for the installation of bulk sewer network in Douglas,
- District Management Area for rural sanitation, and
- Umsobomvu Municipality for the upgrading and replacement of sewer pumps in Noupoort.

Housing, Municipal Health and Operation and Maintenance

The reengineered organisational structure also catered for the establishment of two new units, that is, the Housing Unit and the Operation and Maintenance Unit. Appointments and secondments were made into these units. The District Municipality received a conditional accreditation as housing developer for all municipalities in the district except for Emthanjeni Municipality which also got a conditional accreditation. The conditional accreditation of the District Municipality is posing exciting challenges for the District

Municipality. This offers the district with an opportunity to be actively involved in the programme to accelerate housing delivery in the quest to ensure a better life for all. There is significant progress made in our effort to populate the housing unit with properly qualified and experienced personnel.

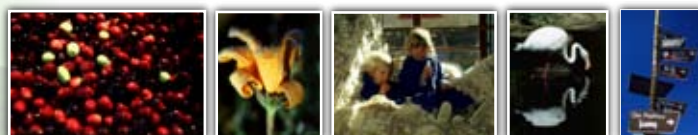
The Operation and Maintenance Unit will strengthen our capacity to intervene and support local municipalities with regard to operation and maintenance issues. There is a spectacular weakness in all our local municipalities with regard to operation and maintenance challenges. The unit will be expected to compile an Operation and Maintenance Plan for all municipalities in the district.

Financial viability

The District Municipality was able to compile the 2006/2007 financial statement in the GAMAP/GRAP format. We were able to do the change over with the assistance of the Finance Management Grant. The District Municipality was once again in the position to, invest R1 million in our Surplus Fund Investment. This is due to proper management of our investment accounts and strict cash flow management. The District Municipality managed to generate more than 6,9 % of the projected Income Budget for 2006/2007 financial year. Due to strict budget control we managed to get 1.9% under-expenditure in the opex budget. We also ended the 2006/07 financial year with a R555, 717-00 credit bank balance. We received only two qualifications from the Auditor General in terms of the 2005/06 financial year. In responding to the overarching responsibility to support and coordinate the work of local municipalities the District Municipality rendered a financial management support service to Thembelihle and Renosterberg Municipalities. Good financial management put the District Municipality in an advantageous position to respond to challenges that inhibit our progress of ensuring the Age of Hope have substantive meaning to the majority of South Africans and most particularly the residents of Pixley ka Seme district.

Internal audit

Internal Audit is an independent appraisal function established to examine and evaluate the organizations activities as a service to the organization. The objective of Internal Audit is to assist members of the organization in the effective discharge of their responsibilities. The Internal Audit Unit was established, at the Pixley ka Seme District Municipality, to render a shared service to the District Municipality and all Local Municipalities, within its area of jurisdiction. The District Municipality entered into service level agreements with all eight of the Local Municipalities and the Local Municipalities contributed a fixed amount of R 80,000 per annum towards the service. The District Municipality subsidized the service to the Local Municipalities, in order to support them in complying with Section 165 of the Municipal Finance Management Act, Act no 56 of 2003.



The audits were carried out in terms of the Standards for the Professional Practice of Internal Auditing. The following actions have taken place prior to the execution of the audits:

- Drafting and approval of the Audit Committee's Charter
- Approval of the Internal Audit Charter
- Conducting a risk assessment
- Compilation of an Internal Audit Strategic Plan
- Compilation of an Annual Internal Audit plan

Audits were conducted as planned, but in certain instances, the Unit had to deviate from its schedule, as result of unique circumstances. The proposed audits will however, be conducted by the end of the audit year. At this stage there are still Municipalities who have not yet appointed their Audit Committees. Various attempts were made to persuade them to do so, but with no success. The audit year does not correspond with the financial year of the Municipality. For practical reasons the audit year starts at October of each year and ends at September of the following year.

District Growth and Development Strategy

The major highlight for the financial year under review is the adoption and the launch of the District Growth and Development Strategy (DGDS). The launch of the DGDS was preceded by various sector summits in November 2006. The first decade of democracy has brought with it significant achievements regarding socio-economic transformation, political stability, a functioning state apparatus and growing economy. But at the same time the country and the Pixley ka Seme district in particular, continue to experience high levels of poverty and unemployment. The Pixley ka Seme DGDS aims to address, not only the above-mentioned challenges, but a host of related issues. It recognizes the leadership role that government plays in driving integrated, holistic, sustainable growth and development. At the same time it acknowledges the role of all sectors of society in ensuring socio-economic transformation and also seeks to achieve a shared vision amongst all sectors of society towards the achievements of our goal of improving the quality of life for all our citizens.

The challenges of unlocking our full socio-economic potential are enormous and require us to marshal the full capabilities of all sectors of society to steer the required growth and development of the district in the years to come. The DGDS provides the practical framework for:

- The integration of government's policies and objectives in the various areas of operation.
- Building on cooperative governance and intergovernmental relations towards ensuring integrated

service delivery and the optimal utilization of all resources in support of growth and development.

- Aligning and establishing links between the planning and budgeting efforts of all three spheres.
- Establishing a single planning instrument that articulates the development agenda and provides a strategic direction for the district as a whole.
- Municipalities to develop their integrated development plans and local economic development strategies.
- Identify opportunities for investment and creating an environment of certainty and predictability that encourages private sector investment; and
- Consolidate and improve relations and partnerships with other sectors of the society.

Economic growth

It is trite economics that if we want to dent the high levels of poverty and unemployment in the district we must increase the production capacity of our industries, this means investing more in economic growth initiatives. It is noteworthy that over the past four years the average economic growth in the district was 0.8% interestingly in 2004/2005 the growth was 1.8%. The biggest challenge is to sustain such unprecedented growth rate. It is further important to note that the biggest contributor to the GVA of the district is Community Services Sector and the biggest employer is Agriculture and Agro-processing Sector. We need to double our efforts to increase the output capacity of the secondary economic activities in the district. The manufacturing Sector is the least contributor to the district GVA and the least employer. The district economy needs to break the mould of being the primary commodity producer and there is very little or no value-adding at all.

First Runners-Up Vuna Awards 2006/2007

In 2003 the Department of Provincial and Local Government introduced the Vuna Awards. These awards are meant to celebrate and appreciate performance excellence in Local Government. Awards are awarded to municipalities for best performance per category and Key Performance Area. In 2006 Pixley ka Seme District Municipality received an award for the most credible IDP in the province. We also received an award for Local Economic Development and overall the District Municipality was the First Runners Up for the Vuna Awards 2006/2007. The awards simply meant that our district is the best performer with regard to Local Economic Development and that we have the best IDP in the province. We are presently confronted by a challenge to improve our performance in other Key Performance Areas.



Overview of the Municipality

Extent of Pixley ka Seme District Municipality

The Pixley ka Seme lies in the south-east of the Northern Cape province and shares its borders with three other provinces, namely, the Free State province to the east, the Eastern Cape to the south-east and Western Cape to the south-west. It is one of the five District Municipalities in the province and it is the second largest covering a total surface area of 102 727 square kilometers.

The District Municipality's demarcated area consists of eight category B municipalities, namely, Ubuntu, Emthanjeni, Siyancuma, SiyaThemba, Kareeberg, Renosterberg, Thembelihle and Umsobomvu, and one District Management Area.

- **Emthanjeni Municipality:** comprising of the three towns De Aar, Britstown and Hanover. De Aar is the second most important railway junction in the country. When the railway line was built from Cape Town to Kimberley, the administration bought a large portion of the farm, De Aar, meaning coincidentally 'artery', after underground water supply, envisaged as large life-giving veins of water.
- **Ubuntu Municipality:** comprising of three towns that is Victoria West, Loxton and Richmond. The N12 and N1 passes through this municipality and has a great tourism potential. The preliminary study in the district's Mining Strategy highlights that the municipality is endowed with uranium deposits.
- **Umsobomvu Municipality:** this municipality comprises of three towns, that is, Colesberg, Norvalspond and Noupoot. N1 and N9 traverse through the municipality. A significant portion of the Gariep Dam is located within the municipal area and is also shared with other municipalities in the Eastern Cape and Free State Provinces. In the district this municipality is among the municipalities that hold massive tourism potential.
- **Kareeberg Municipality:** this municipality comprises of three towns, that is, Carnarvon, Van Wyksvlei and Vosburg. The municipal area is the heart of the Karoo and the predominant economic activity is livestock farming. The possibilities of having a Kilometer Array Telescope befits the landscape of the municipality, that is characterised by clear skies and less pollution. This municipality is an entry point to the Western Cape Province from the Northern parts of the country.
- **Renosterberg Municipality:** is located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Petrusville, Vanderkloof and Phillipstown. The municipality covers approximately 553 000 ha of land and forms about 5% of the total area of the district.
- **Thembelihle Municipality:** this municipality is also located on the banks of the Orange River. The municipality was formed through the amalgamation of three towns, that is, Hopetown, Strydenburg and Orania. The outcome

of the dispute regarding Orania has not yet been decided upon and the uncertainty still exist as to where Orania is demarcated. N12 cuts through this municipal area and is a major boost to the economies of Hopetown and Strydenburg.

- **Siyancuma Municipality:** this municipality hosts the confluence of the Vaal and the Orange River. It comprises in the main of three towns, that is, Campbell, Douglas and Griekwastad and has densely populated rural settlement called Smitchdrift. The municipal area is richly endowed with precious and semi-precious stones, that is, diamonds and tiger's eye. Beneficiation of tiger's eye is on the high impact project identified in the District Growth and Development Strategy. The municipality has a great tourism potential.
- **Siyathemba Municipality:** this municipality is located on the banks of the Orange River and boosts with massive and high scale irrigation farming. The municipality comprises of three towns, that is, Marrydale, Prieska and Niekerkshoop. The municipality has massive potential for mining activities of both precious and semi-precious stones.

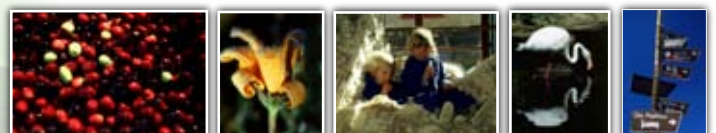
Socio-Economic Characteristics

Demographics

The district has a total population of 164 412 which represents 16.49% of the population of the Northern Cape. The population density of the district is 1.6 person per square kilometer which is less than the provincial density of 2.27 per square kilometer. The population is as follows:

- The population can be classified as young with approximately 58.3% below the age of the 30,
- 65.61% of the population are youth,
- The youth make up approximately 94% of the economically active population, and
- The population of the district is decreasing with census data indicating a decline in the district by approximately 9100 people between the 1996 and 2001. The major reason for the decrease is the fact that people are migrating in search of work opportunities.

The growth of the population in the district will depend on the economic opportunities that the district can offer, especially to young adults who are the most mobile group. A stagnating economy that cannot provide school leavers with job opportunities will result in the loss of these economically active adults to areas with economic opportunities. While the population size of the district in 1996 was 176 293, the population in 2001 was 164 620 (with negative growth rate of -1.29%). A negative growth rate is forecast for the rural population and by 2015 the towns are also expected to show a negative growth. The growth of households is greater



than that of the population growth. In many instances the population may be static (i.e. no population growth) but settlement size is increasing with the formation of new households. The household growth rate between 1996 and 2001 was 2.49%.

• Human Development Index

The Human Development Index measures the average achievement in a country in three basic dimensions of human development, that is, longevity, knowledge and decent standards of living. It is a composite index that contains three variables: life expectancy, educational attainment and real GDP per capita. The closer the index gets to 1.0, the higher the levels of living conditions. The average HDI for the province is 0.52 with the Kimberley and Namakwa magisterial districts having the highest at 0.63 and the Barkley West magisterial district having the lowest at 0.44.

The average HDI for the district is 0.49 with De Aar having the highest at 0.58 and Noupoort having the lowest at 0.45. Despite the advances made with regard to delivery of basic services, the HDI has largely been stagnant.

• Unemployment and labour

There has been a decrease in the number of people employed and concomitant increase in the number of unemployed in the district between 1996 and 2001 in the district. This directly relates to the number of businesses that has closed in the district during the period reflected and also indicates the need for a retention of wholesale and retail strategy. According to the Geospatial Analysis Platform and NSDP Spatial Profile, a study commissioned by the Policy Coordinating Advisory Service in the Presidency, approximately 25% of the economically active population in the district is unemployed.. The municipalities that have the largest percentage of unemployed are Umsobomvu and Renosterberg with unemployment rate of 30.2% and 31.5% respectively. When the actual numbers of unemployment in the district are considered, the municipalities that have the most people in the unemployment trap are Emthanjeni, Siyancuma, Umsobomvu and Siyathemba. These account for 20 153 (70.8%) of the total unemployed in the district.

The labour participation rate in the district is 50.43%. This indicates the labour force as a percentage of the population in the age group 15 – 64 years of age. The total number of persons supported by every person in the labour force, excluding himself or herself is indicated by the labour dependency ratio. In the case of Pixley ka Seme district this ratio is 1.81 with working individuals in the Siyathemba, Siyancuma and Thembelihle municipalities having to support approximately 2 persons. The lowest ratio in the district is to be found in the DMA area at 0.81.

• The economic dimension

In 2005 the total Gross Value Added at current price was R 2 761, 222 (R 2, 76 billion)

The largest contributor to the economy of the district measured by Gross Value Added at current prices in 2005 is

Community, Social and Personal Services (36%). The next most important sector is agriculture (25%). The largest economy is Emthanjeni, where Community, Social and Personal Services play an overwhelming role.

Gross Value Added at current prices and % by kind of economic activity (2005)

Kind of economic activity	(R'000)	%
Community, social and personal services	R 990, 716	35.9%
Financial, insurance, real estate and business services	R 228, 251	8.3%
Transport, storage and communication	R 276, 016	10%
Wholesale and Retail	R 303, 443	11%
Construction	R 24, 812	0.9%
Electricity, gas and water supply	R 151, 777	5.5%
Manufacturing	R 77, 831	2.8%
Mining and quarrying	R 9, 464	0.3%
Agriculture, hunting, forestry and fishing	R 698, 914	25.3%

It is important to note that the Community, Social and Personal Services commands the biggest share of the GVA and a very worrying factor is the contribution of the Manufacturing Sector which accounts only for 0.3% of the total GVA of the district. This poses a greater challenge in terms of the secondary economic activities. There is a much greater need for the municipalities to encourage for investments in downstream market activities.

Gross Value Added at current prices 2005 in R'000 and Gross Value Added per capita in Rand

Municipality	2005 (R'000)	Gross Value Added per capita 2005
DMA	R 88, 785	R 27, 893
Emthanjeni	R 741, 189	R 20, 853
Kareeberg	R 208, 293	R 21, 974
Renosterberg	R 173, 375	R 19, 119
Siyancuma	R 403, 842	R 11, 269
Siyathemba	R 316, 063	R 18, 041
Thembelihle	R 237, 176	R 16, 936
Ubuntu	R 338, 450	R 20, 659
Umsobomvu	R 254, 050	R 10, 748
Pixley ka Seme	R 2, 761, 222	R 16, 770

The average Gross Value Added per capita in Rand in Pixley ka Seme district is R16,770. There are two municipalities who fall below the district average that is Siyancuma and Umsobomvu. This obviously has policy implication and poses much greater challenge with regard to planning by the District Municipality.



CHAPTER TWO

Municipal Transformation and Organisational Development

2.1 Review of Organizational structure and filling of critical posts.

The organizational structure has been reviewed so as to align it to the institutional needs as identified in the IDP of the municipality. It should however be noted that the process of reviewing the organizational structure is an ongoing process and will be influenced by added responsibilities that are allocated to the municipality.

As part of reviewing of the organizational structure new departments were established, the aim was to enhance service delivery. The departments that were created are as follows:

- Housing Department

This was after the municipality was accredited and given the function to build houses.

- Shared Service Centre

The SSC replaced the old PIMS Centre, its responsibility is to give support to category B municipalities within the jurisdiction area of Pixley Ka Seme District. The SSC will assist the municipalities in the following areas: Planning, human resource development, legal issues, performance management systems and financial management.

- Office of the Executive Mayor

The office was strengthened through the establishment of the post Manager in the Office of the Executive Mayor. The aim of the office is to give support to the Executive Mayor and be responsible for all transversal issues.

The above-mentioned divisions have been finalized in terms of the new organizational structure; further review of the organogram will take place during the next reporting cycle.

Number of posts were identified as critical by the institution in achieving its objectives of service delivery as well as a position to assist the Category "B" municipalities where

there is lack of capacity. In this regard the two posts of Senior Internal Auditors and two posts of Junior Internal Auditors were filled. The Municipality provided temporary employment to students that successfully completed their learnership programmes with the municipality.

2.2 Skills Development

All skills development programmes are informed by the Work Place Skills Plan. Skills development is performed by accredited training providers; this ensures compliance with all relevant regulations regulating skills development within the Local Government sector. In-house training is also provided where skills are shared between employees of the Council.

The municipality, because of its compliance with all relevant training legislation and procedures, managed to receive a grant from LGSETA which can be further used towards training within the municipality.

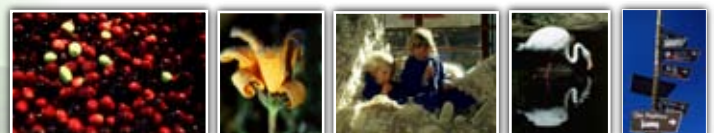
The Municipality got the first place during the Provincial Skills Development Awards for being the best municipality in terms of its skills development programmes and assistance provided to B municipalities within the region. The Municipality received a trophy and prize money of R15 000-00.

2.2.1 Learnerships/Internship Programme

The municipality is currently participating in an Administration and Finance learnership programme funded by the LGSETA. An engineering intern worked for the municipality for a period of twelve months so as to gain necessary experience.

2.2.2 Training

During this financial year the District Municipality invested more in the training of staff, our focus was to give accredited training to most of the staff. The following accredited trainings and workshops were facilitated by the Human Resource division for this financial year:



Corporate Services

Executive Municipal Leadership Development Programme	1
Labour Relations	1
Supply Chain Management	2
Housing Subsidy Systems	2
Supply Chain Management – Bid Committees	2
National Disaster Management F/work	2
Finance Management	3
Incident Management Systems	6
Project Portfolio Office	2
Report Writing	4
Security Grade E, D, C, B	1
Finance Department	
Finance Management	8
Municipal Finance and Accounting	7
Labour Relations	1
Supply Chain Management	1
Housing Subsidy Systems	2
Report Writing	2
Technical and Developmental Services	
Improving on Operation and Maintenance	1
Finance Management	2
Project Management	1
Advance Project Management	3
Housing Subsidy Systems	1
Housing Consumer Education	1
Report writing	5
Supply Chain Management – Bid Committees	1
ABET – During this period 21 employees participated in ABET training	
Levels achieved vary between Level 1 and Level 2, bothin Afrikaans and English.	

Shared Services Centre	
Registry	1
Finance Management	3
Supply Chain Management	1
Report Writing	3
Supply Chain Management – Bid Committees	1
Internal Audit	
Finance Management	5
Municipal finance and Accounting	5
Labour Relations	1
Report Writing	5
Office of the Executive Mayor	
Finance Management	2
Office of the Municipal Manager	
Municipal Finance and Accounting	1
Report Writing	1
Councillors	
Finance and Management	1

2.3 Adherence to Council’s Employment Equity Plan (EEP)

In an effort to address employment equity within the institution all appointments are informed by the Employment Equity Plan of Council. This approach has assisted the municipality in addressing representation at all levels in the hierarchy of the municipality especially gender representation. This is visible at second tier of management of the municipality where women are more prominent compared to the previous years. The following table reflects EE on the different employment categories within the organization as a whole.

NB: It should however be noted that the historical and traditional operation of the business will have an impact on employment trends, it might favour males or females.



Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	1		2					6
Senior management	2			1	1	1			5
Professionally qualified and experienced specialists and mid-management	2	2		1	1	2		3	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents		7		1		2		2	12
Semi-skilled and discretionary decision making.	21	21			11	8			61
Unskilled and defined decision making	7	26							33
TOTAL PERMANENT	35	57		5	13	13		5	128
Non-permanent employees									
TOTAL	35	57		5	13	13		5	128

The following table reflects the different occupational categories within Corporate Services with regard to gender, race and occupational category:

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers									1
Professionals						1		1	2
Technicians and associate professionals	1								1
Clerks	1	1				2			4
Service and sales workers	2	1			3	4			10
Skilled agricultural and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations	1				3				4
TOTAL PERMANENT	6	2			6	7		1	22
Non-permanent employees									
TOTAL	6	2			6	7		1	22

Person with disabilities									
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The following terminations happened during the 05/06 financial year:

Termination	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Resignation	2					2			4
Non-renewal of contract									
Dismissal – Operational requirements (retrenchment)									
Dismissal – misconduct									
Dismissal – incapacity/ill Health	2	1							3
Death		1							1
Retirements	4	2		2					8
Total	8	4		2		2			16

From the above table it can be deduced that staff turnover through resignations in the municipality is very low and this can be attributed to the stable working environment that exists. The annual reports to the Department of labour on EE profiling for this period have been submitted. The institution does not have a physically challenged person in its employment. Measures will have to be put in place to address this situation.

2.4 Career Planning

Career planning for all staff members of Pixley ka Seme District Municipality has not taken place during this period. Service providers will have to be approached to assist in this regard because there is no internal capacity.

2.5 Performance Management Systems

New regulations governing performance management systems for municipal managers and managers that directly account to him came into effect as from the 1st August 2006. The aim of the regulations was to set out uniform guidelines for the performance of Municipal Managers.

Emanating from these guidelines Pixley Ka Seme District Municipality approved the Institutional performance score card during January 2007.

The Municipal Manager, as well as the other Section 57 Managers, signed their performance agreement based on the regulations.

The following documents were also signed by all the managers that directly account to the Municipal Manager as part of compliance with the necessary legislation:

- i) Personal Development Plans
- ii) Code of Conduct
- iii) Financial Disclosure Form

As stipulated in the Regulations, a number of coaching

sessions were held where the Municipal Manager had one on one interviews/ sessions with managers that directly account to him.

The promulgation of the Regulations also meant that all appointments in terms of Section 57 of the Systems Act, made after the 1st August 2007, will be regulated by the new Regulations.

2.6 Policies

Policy development is critical in any organization. Policies are there to give direction on what procedures to follow when carrying out Council errands as well regulating how and when things should be done. Legislation also put it to municipalities the have certain policies in place. All policies need to be enforced and it is the responsibility of all managers to ensure that policies are implemented. This is no exception with Pixley Ka Seme District Municipality.

The following policies were drafted and approved by council:

- i) Travelling Policy for Councillors
- ii) Minimum Essential Services Agreement
- iii) Finance and Admin Procedures

The following policies were tabled for approval but the need was identified that Councillors will have to be workshopped before they are approved:

- i) Contract and Asset Management

2.7 Strategic Management Session

The Department was tasked with the responsibility to organize the annual strategic planning session. The aim of the strategic planning session is to inform the IDP reviewing process of the municipality.

A successful strategic planning session was held in Hanover from the 16 - 18 of April 2007.



2.8 Promotion and Implementation of a comprehensive Human Resource Management and Development Programmes

To improve the moral and spirit of staff the department embarked on a number of programmes and activities during this period. The programmes varied from information sharing to educational sessions. The following programmes were initiated from the HR Division:

- Workshops were held with the staff of the Technical Services where health education on HIV/AIDS and TB was done. These sessions were very successful and positive feedback was received from the different teams.
- The HR section as part of its information sharing sessions, held sessions with all departments every quarter and information over a range of issues was given to workers. During these sessions workers are also given the opportunity to get clarity on some of the issues. The sessions were also used by the staff, especially workers not based in De Aar, to meet HR personnel.
- Inter - departmental communication is encouraged and happens on a daily basis by ensuring that the day-file is circulated to all departments and discussions on a wide range of issues took place informally between HoD's. This ensures that expertise on different fields is shared.
- Familiarize personnel with approved policies and procedures of council through the quarterly meetings. This helps to ensure that workers are aware of any new developments around policies and decisions of Council.
- Multi-skilling within the section is also encouraged. This has led to the development of a "buddy system". The system enables the department to operate even though a certain official is not at work.

2.9 Human Resources Management and Development

The aim is to create an effective and efficient personnel administration division for the institution which will assist and advice other departments on personnel related issues. During the past twelve months the department coped well although it was and is still understaffed if one looks at the ration of staff working within HR and the whole organization.

Even though the municipality got the first price for skills development in the Province it is still felt that if a dedicated official can be appointed for this position the appointment can only add value to the municipality. This is also the same with the position of Labour Relations Officer. (The current situation will be resolved with the changes that will be effected through the revision of the organizational structure.)

The staff of the personnel division are registered members of the Institute of Municipal Personnel Practitioners of Southern Africa (IMPPSA). The Institute sets a very high standard of performance for its members, as members of the Institute, the staff attended a conference where members had an opportunity to meet with other HR Practitioners and share

ideas on how to face challenges common to them.

The latest trend within the municipality is that of assisting Category B municipalities within the jurisdiction area of the District Municipality and build capacity within these municipalities where there is a need. This is one of the responsibilities of the municipality and this exercise is going to put more pressure on the available resources albeit limited.

2.10 Moral and Team Building within the Municipality

A positive moral amongst the work force within the institution is central in the institution achieving its strategic objectives. There is no exception with Pixley Ka Seme District Municipality, in order to ensure that staff moral is high a number of exercises were successfully carried out. \

A successful year end function was organised by the division. As part of the function the model employee of the municipality is nominated and presented to the staff of the municipality.

As part of its out reach programme the HR Division holds information sharing sessions with all departments quarterly. The aim of these meetings is to give information over to staff members pertaining to the latest developments on HR related issues.

2.11 Land use management

Vorstersdam is currently the only farm that is owned by the municipality. The farm was purchased by the Department of Land affairs to accommodate 12 emerging farmers of Petrusville.

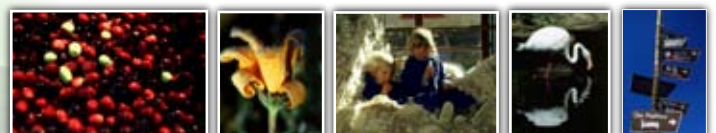
The emerging farmers, on the guidance from the municipality, Dept of Agriculture established a Close Corporation on the farm. The aim of the Close Corporation is to ensure that the farmers will farm as a unit and will be more competitive.

The farm was fortunate to receive a grant from Land Care to the value of R300 000-00 towards fencing and putting more sustained watering points on the farm.

The neighbouring commercial farmers are also assisting the emerging farmers of Vorstersdam so as to capacitate them with the necessary skills needed for farming.

2.12 Development and Maintenance of Website

The Municipality successfully developed and launched the website during May 2007. The website is: www.pixleykasemedm.co.za. The biggest challenge currently is that there is no dedicated official that can continuously maintain the website. Currently the Secretary of the MM is used to assisting with the maintenance of the website. Intranet is up and running and most officials are utilising it. This has improved internal communication.



2.13 District Inter-Governmental Relations

The District IGR meetings are held every quarter and Corporate Services together with the Office of the Executive Mayor give logistical support to these meetings.

Thus far three District IGR meetings were held and the attendance of these meetings is superb. All government departments attend these meetings thus ensuring collective planning and decision making on issues affecting the District.

2.14 Administrative support to other municipalities

The necessary logistical support is given to Council and Mayoral Committee through the maintenance of council minutes, agenda and other tasks as requested and expected from the department from time to time. The municipality assisted a number of municipalities during this period where there was a lack of managerial capacity as well as capacity on other areas. Assistance was given to the following municipalities:

- Rhenosterberg – Financial Management
- Thembelihle – Financial Management
- Kareeberg – Management (MM)



CHAPTER THREE

Development, Infrastructure and Technical Services:

3.1 Skills development and Employment Equity Plan

Skills development was identified as one of the critical developmental issues for the Department. A need analyses was done within the department to establish the training needs for each employee and were submitted to Corporate Services. The following training was done for the past financial year.

Brief description of training	Date of Training	Accredited / Non Accredited	No of participants
Completion of daily activity sheet	14 – 15 March 07 and		
04 – 05 April 2007	Non Accredited	42	
Operators training – refreshment course	8 March 2007	Non Accredited	23
Occupational Health and Safety Representative Training			
	Planned for July 2007	Non Accredited	16
Improving of operation and maintenance water, roads and management handbook.	Monthly for 3 or 4 days between July 2006 and May 2007	Non Accredited	3
Advance Project Management Training			
	02 – 06 October 2006	Accredited	3
Project Management Training	09 – 13 October 2006	Accredited	1
Finance Management	07 – 09 November 2006	Accredited	2
Housing subsidy system and Housing consumer Education	February and March 2007	Non Accredited	4
Report Writing Training	26 April 2007	Accredited	5
Supply Chain Management	21 – 22 May 2007	Accredited	3

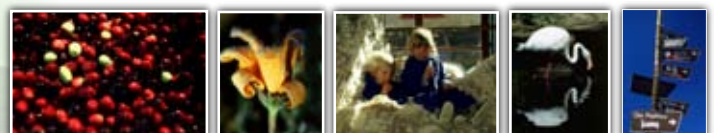
Filling of vacant posts are done in terms of the approved Employment Equity Plan of the District Municipality. The next table reflects the EE on the different employment categories within the department.

Post level	Personal						Total
	Male	Fem	Black	Col	White	Indian/ Other	
1	1	0	0	0	1	0	1
2	0	0	0	0	0	0	0
3	0	1	0	1	0	0	1
4	0	0	0	0	0	0	0
5	1	0	0	0	1	0	1
6	0	0	0	0	0	0	0
7	4	0	0	4	0	0	4
8	5	1	0	4	2	0	6
9	5	0	3	2	0	0	5
10	9	1	4	6	0	0	10
11	13	0	5	8	0	0	13
12	0	1	0	1	0	0	1
13	2	0	0	2	0	0	2
14	2	1	3	0	0	0	3
15	0	0	0	0	0	0	0
16	1	0	1	0	0	0	1
17	30	1	9	22	0	0	31
Total	73	6	25	50	4	0	79
Total	73	6	25	50	4	0	79
% of Total	92%	8%	32%	63%	5%	0%	
% of regional total	48.4%	51.5%	26.4%	62.1%	10.3%	0.08%	

During the past year 2 vacant posts were filled in the Environmental Health Section of which both were women. There are still huge imbalances in gender equity and all vacant posts should be filled by women where possible.

3.2 An Annual Strategic Planning Session to inform the IDP

An Annual Strategic Planning Session was held in April 2007 in Hanover. Based on the inputs received from the different departments the objectives for the 2007/08 financial year were derived.



3.3 Team building session

The three-day session was presented by Abuti Management Consulting under the leadership of Nelis van Zyl. Dr. Everd Jacobs facilitated the session; which was aimed at- amongst other objectives:

- Clarifying a structure on how a team should function;
- Providing team with various challenges;
- Revisiting strategic objectives and
- Challenging participant's thinking about work, self, community role and life in general through various ideas, exercises and discussions.

Aspects such as leadership, behavior, trust, management and decision making were thoroughly looked at.



A variety of videos were used to clearly portray the theme of the workshop. The picture was taken when participants were viewing the video show. The team, though with different interest and motives, was brought mutually by the spirit of togetherness and through creativity formed one of the most successful road work and maintenance projects ever.

3.4 Establishment of a Housing Unit

A business plan was submitted as an application by Pixley ka Seme District Municipality for housing accreditation to perform levels 1 and 2 of the housing functions as set out in the National Department of Housing accreditation framework, in March 2006. Conditional approval was granted in January 2007.

- Level 1 accreditation includes housing subsidy budgetary allocation across programmes and projects; subsidy / fund allocations, and project identification and is applicable to all national housing programmes.
- Level 2 accreditation includes project evaluation and approval, contract administration, programme management including cash flow projection and management and quality assurance and is applicable to

all national housing programmes, with the exception of individual and relocation subsidies.

In seeking accreditation for the delivery of the housing function, the municipality has formulated the following objectives in the business plan:

- To recognise the housing function within the municipality and integrate its activities into the Integrated Development Plan ('IDP'), in order to be in line with the framework as contemplated in Part 4 of the Housing Act, 1997 ('HA').
- To position the municipality to be able to plan, manage and deliver efficiently and effectively sustainable and affordable housing to communities within its area of jurisdiction.
- To enhance the ability of the municipality to co-ordinate and facilitate support to local municipalities in the effective and efficient delivery of housing.
- To position the municipality strategically in terms of enhancing, consolidating and strengthening service delivery.

This process will accelerate not just housing delivery and move rapidly towards the eradication of the housing backlog in the district, but will also fast track the establishment of Integrated Human Settlements in Pixley ka Seme.

The process of establishing a housing unit has begun with the incorporation of a housing section into the organizational structure of the District Municipality.

The physical establishment of the unit in terms of staff appointments has started with the appointment of a manager who is responsible for housing in the district. The filling of the post of clerks is underway with union consultations delaying the process of seconding staff into the unit before advertising. Officials have been trained in the Housing Subsidy System, in Housing Consumer education. Office space, office and IT equipment were procured.

The drafting of a proper housing chapter /plan to be incorporated into the district IDP will start very soon to be ready by the next IDP review. This is a condition that we have to fulfill before we get fully accredited.

The District Municipality is already very much involved in a massive housing development project in Umsobomvu Municipality, the Ouboks Housing Project. The objective is to replace the existing informal settlement by a proper well planned formal settlement.

3.5 Strive to Mobilise the Community in Crime Prevention

In December 2006 a joint session with Correctional Services was held in Richmond. Community members were invited to attend. The event was specifically meant to spread the message to stop Violence Against Woman and Children. The message of the day was delivered by the speaker of the District Municipality, Mr. Z. Lolwana.



Due to the scarcity of funds and human resources Crime Prevention is incorporated in HIV/Aids activities where all stakeholders including structures that deal with crime e.g. SAPS, SASS and Department of Safety and Liaison. Campaigns for HIV/Aids awareness, Substance abuse, Abuse against women & children awareness were done in Municipalities during the past year as indicated below. Beneficiaries of the programme were, young people.

Date	Municipality	Town
06 Feb 07	Ubuntu	Richmond
28 Feb 07	Siyathemba	Prieska
06 March 07	Siyancuma	Douglas
15 March 07	Thembelihle	Hopetown
02 May 07	Umsobomvu	Noupoort
09 Aug 2007	Siyathemba	Marydale

An Outreach Programme to deal with crime was held in Colesberg on the 08 of June 2007. Pixley ka Seme District Municipality in conjunction with the SAPS played a very big role in organizing and making it a success. The event was attended by the MEC for Safety and Liaison Ms Thembelekhaya Madikane, the Provincial Commissioner

Mrs. Mbombo, the Honourable Mayor from Umsobomvu Municipality, Mr. Ngcongco from Pixley ka Seme District Municipality (Special Programmes), Senior Officers from Correctional Services, Social Services, Crime Prevention Structures like CPF, Youth Against Crime, Women Against Crime and people from different Church Denominations. The event was attended by more than 1600 people from three towns ie. Colesberg ,Norvalspont and Noupoort.

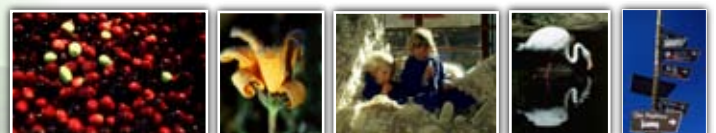
3.6 Maintenance of HIV/Aids volunteer Programme and Aids Council

For the establishment of Aids volunteers within the District the programme commenced with a Candle Light event in June 2006 in Mziwabantu Community Hall in Britstown to commemorate the victims of Hiv/ Aids.

Fortogenic Solutions was appointed to conduct HIV/Aids training for Volunteers in Siyathemba Municipality and Siyancuma Municipality. Training was twice presented in Kareeberg and each time the training provider arrives in this municipality the volunteers fail to attend. The establishment of a volunteer corps in Britstown and in Hanover was done during September 2006.

Local Aids Councils in Municipalities has been establish as indicated in the next table.

Municipality	Activity	Objective	When	Responsibility
Ubuntu V/West	Established of LACs	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	October 2006	SPC and Fortogenic Solutions
Kareeberg Carnarvon	Established of LACs	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	November 2006	SPC
Siyathemba Prieska	Established of LACs	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	November 2006	SPC
Thembelihle Hopetown	Established of LACs	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	November 2006	SPC
Emthanjeni	Established own LAC	To combat the spread of Hiv/Aids		SPC
Siyancuma Douglas	Established own LAC	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	2005	
Renosterberg	LAC Established	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities		
Umsobomvu Colesberg	Established of LAC	To work directly with the offices of the mayors to combat the spread of Hiv/Aids in their localities	November 2006	SPC



A debate session was arranged in September 2006 in Hanover, the topic was HIV/AIDS infection. The participants in the debate session were parents and young people, relevant sector department were invited and Emthanjeni Municipality also participated. There was a number of factors which were identified as major contributors to the high levels of infection in Hanover, and that was, school drop out, lack of amenities of life for young people and substance abuse.

Campaigns for HIV/Aids awareness, Substance abuse, Abuse against women & children awareness were done in Municipalities during the past year as indicated below. Beneficiaries of the programme were, youth both from school & non schooling as well as adults from the community.

Date	Municipality	Town
06 Feb 07	Ubuntu	Richmond
28 Feb 07	Siyathemba	Prieska
06 March 07	Siyancuma	Douglas
15 March 07	Thembelihle	Hopetown
02 May 07	Umsobomvu	Noupoort
09 Aug 2007	Siyathemba	Marydale

All local Mayors are chairpersons of the Local Aids Forums meetings. These meetings are held on monthly bases and report directly to the District Aids Council which is held on quarterly bases and chaired by the Executive Mayor of the District Municipality.

The Environmental Health Standing Committee raised a concern about the Local Aids Committees that do not report to the District about their activities within local Municipalities. A direct instruction was given to write a letter to all local

Mayors to see to it that reports are submitted to the District on quarterly bases. The letter was written and signed by the Executive Mayor and faxed to all local Mayors. There has been no response since June 2007 and the Executive Mayor has requested the DAC`s Secretariat to make a date for the DAC meeting soon.

3.7 Review of the IDP

Municipalities were invited to submit a report on Infrastructure backlogs. These backlogs have to be captured in their IDP`s. Regular meetings with Municipalities were held in order to help identify backlogs which can be implemented through the MIG. Based on these meetings the infrastructure section was able to compile a comprehensive Infrastructure Implementation plan for the District Municipality IDP.

3.8 Full implementation and expenditure on Approved projects

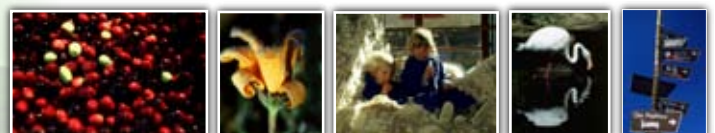
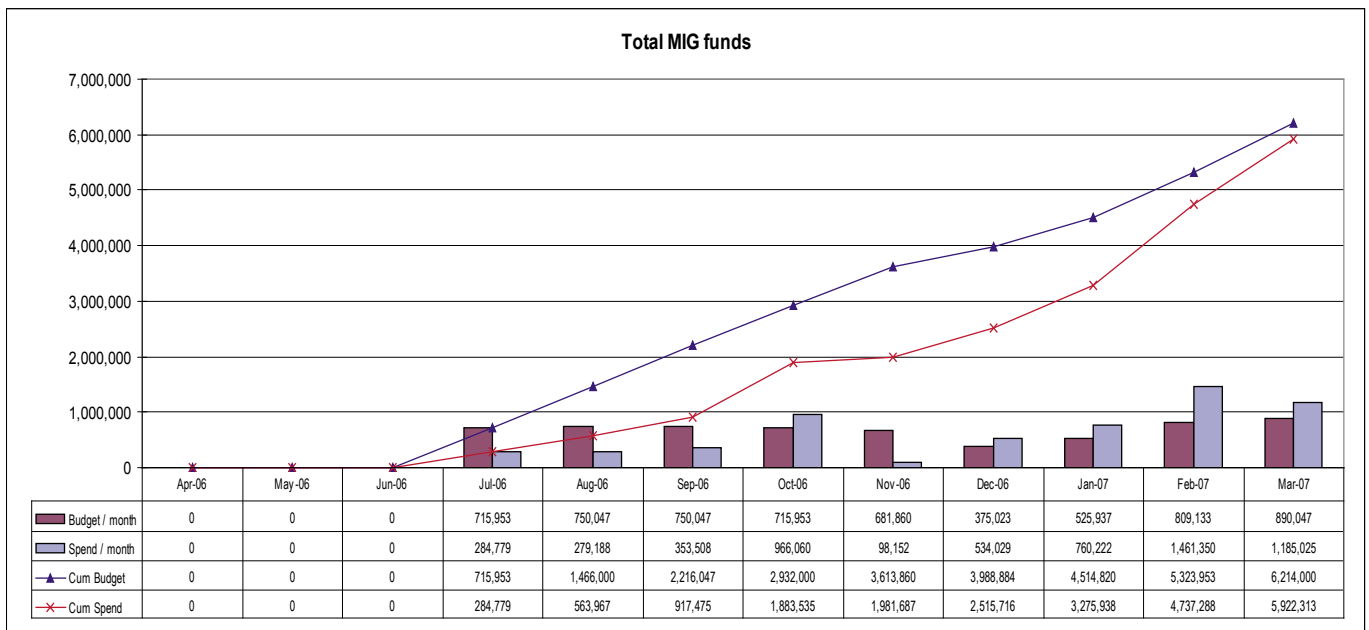
3.8.1 Municipal Infrastructure Grand MIG (MIG)

Pixley ka Seme District Municipality received R6.214m for the implementation of MIG approved projects. These projects are aimed to provide basic infrastructure to the poor e.g. water, sanitation, roads etc. Some Municipalities did receive their own MIG funds as published in the DORA, while part of Pixley`s allocation is intended for Renosterberg, Thembelihle and Ubuntu Municipality. The next graph shows the budgeted amount against the actual expenditure amount for the total MIG allocation.



No	Municipality	Project Description	MIG Approved	Expenditure up to	Budget for this	Total	Balance for this	Percentage
			Amount	previous financial year	financial year	Expenditure for this financial year	financial year	Expenditure for this financial year
1	Ubuntu	267: Victoria West Area Lighting	684,000	0	130,000	125,580	4,420	97%
1	Ubuntu	351: Victoria West Eradication of buckets Sewer pump station	858,203	0	810,000	802,810	7,190	99%
2	Kareeberg	317: Carnarvon Streets and Stormwater	779,350	0	100,000	98,152	1,848	98%
3	Thembelihle	Completion of sport stadium Steynville	1,600,000	0	1,220,000	1,118,681	101,319	92%
4	Thembelihle	672: Strydenburg New sewerage works	5,039,654	2,755,500	1,457,000	1,310,239	146,761	90%
5	Renosterberg	86 Petrusville Upgrading of oxidation ponds	3,969,962	1,102,760	285,000	284,779	221	100%
6	Renosterberg	544: Upgrading of Clean water supply line and reservoir	12,151,393	3,907,384	160,000	154,782	5,218	97%
7	PKS DM	PMU funding	1,702,000		1,702,000	1,702,000	0	100%
8	PKS DM	Carnarvon Installation of Bulk Sewer Network	10,000,000		350,000	325,290	24,710	93%
9	PKS DM	Carnarvon Upgrading of oxidation ponds	5,700,000					
10								
11		Total MIG funds	42,484,562	7,765,644	6,214,000	5,922,313	291,687	95%
12	PKS DM	Disaster funds Flood damage on Roads	7,824,482		7,824,482	3,342,856	4,481,626	43%
13		Total MIG Disaster funds	7,824,482	0	7,824,482	3,342,856	4,481,626	43%
23	Sivathemba	446: Prieska Upgrading of Sewage works	3,326,000		3,326,000	3,303,222	22,778	99%
24		Total	63,635,044	7,765,644	17,714,482	12,893,681	4,820,801	73%

The next table shows the budget and expenditure for planned MIG projects per Municipality, for the 2006/07 financial year:



All the projects are implemented in conjunction with the relevant local municipality, progress and status is indicated in the next table.

Municipality	Project Description	Progress/ Comments	Status	Job Opportunities
Ubuntu	267: Victoria West Area Lighting	The registration process delay the implementation of the project, but has started eventually	Implementation	6
Ubuntu	268: Victoria West Solid Waste – EIA and Design	The registration process delay the EIA and design phase of the project	Registration	
Ubuntu	351: Eradication of buckets	Project was completed	Completed	
Kareeberg	317: Carnarvon Upgrading of streets	Project was registered in January 2007 and could not be implemented timeously. All MIG funds are earmarked for the bucket eradication project.	Registration	80
Thembelihle	Sport stadium Steynville	Project has started	Implementation	10
Thembelihle	672: Strydenburg Construction of new oxidation ponds	Project was completed without any delays	Completed	10
Renosterberg	86: Petrusville Upgrading of oxidation ponds	Some of the costs was paid by the District Municipality while the rest was paid by the Municipality. The project is completed	Completed	
Renosterberg	544: Vanderkloof Clean water pipe line and reservoir	Retention funds on the project which were completed in the previous financial year.	Completed	
Pixley ka Seme DM	Project Management Unit	Costs for the Project Management Unit		
Pixley ka Seme DM	Carnarvon Bucket Eradication Installation of Bulk Sewer Network and Oxidation ponds	The District Municipality has paid for the feasibility study of the proposed bucket eradication project.		
Pixley ka Seme DM	Disaster funds – Flood damage on roads	Disaster funds were allocated to the District Municipality for repairs on flood damage roads in the district. Please see detailed report under Road and Mechanical section	Completed	15
Siyathemba	446: Prieska Upgrading of Sewage works	Siyathemba Municipality requested the District Municipality to administer and implement the project on their behalf	Implementation	34



Photographs of the projects



Hopetown – Pavilion under construction of sports field



Petrusville old primary pond with a storeroom



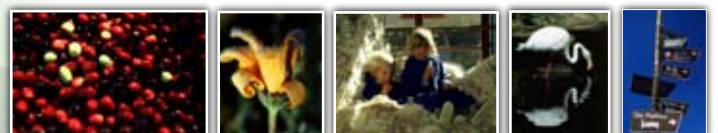
Upgrading of existing oxidation ponds



Excavations of primary ponds



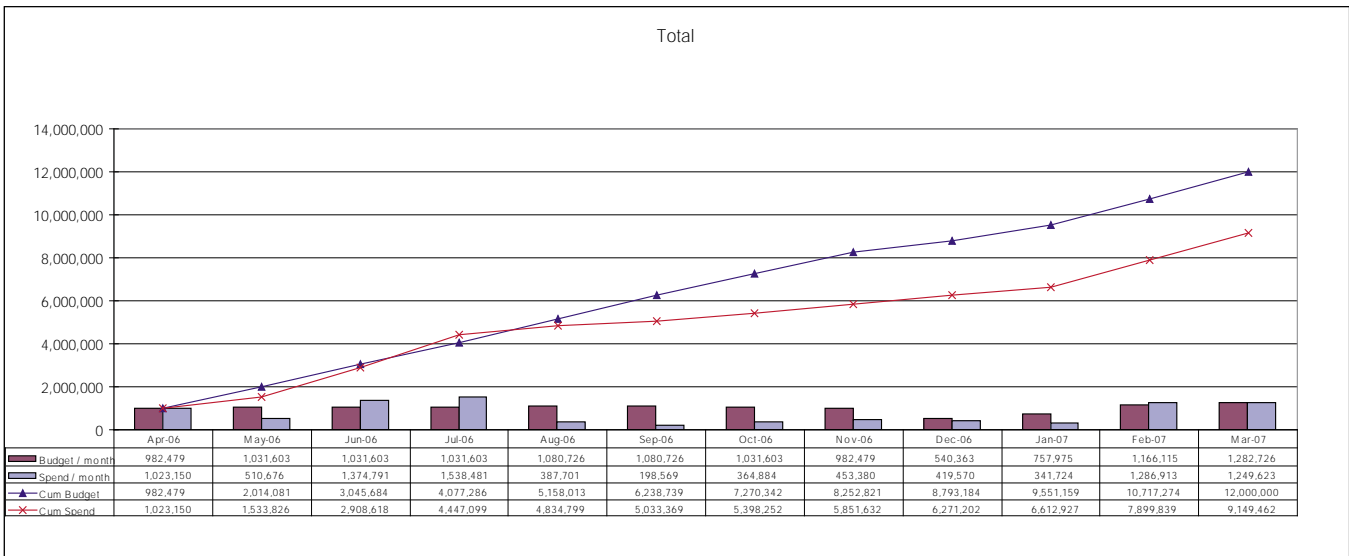
Workers busy sloping embankments



3.9 Provincial Infrastructure Grant (PIG) projects

The Provincial Department of Housing and Local Government allocated R12 million for bucket eradication projects in the Pixley ka Seme Region. The next graph shows the budgeted expenditure against the actual expenditure for the 2006/07 financial year ending 31 March 2007.

The next table shows the budget and expenditure for planned PIG projects per Municipality, for the 2006/07 financial year:

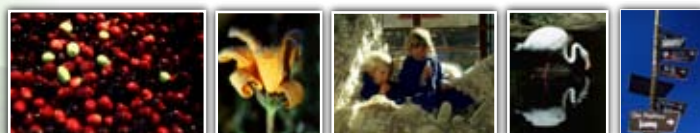


The progress and reasons for under expenditure are indicated in the next table.

Municipality	Project Description	Progress / Comments	Status	Job Opportunities
Ubuntu	Installation of bulk sewer network and pump stations	Project completed	Complete	60
Renosterberg	Philipstown and Petrusville - Construction of toilets and erf connections	Philipstown – The contractor left the works and the contract came to a stand still. A new bid document was prepared and a new contractor was appointed in March 2007 to complete the works. Petrusville – The works was completed.	Philipstown - 95% complete Petrusville - 100% complete	12 16
Kareeberg	Installation of bulk sewer network	The contract came to a stand still for nearly 3 months as the Consulting Engineer withdraw from the project and a new Consulting Engineer has to be appointed to check and redesign the works where savings could be made. The contractor could only continue with the works after a new contract was signed. The contractor was also dragging his feet and after 4 months the contract was approximately 2 months behind schedule. The reason was that he could not continue with compressors doing the hard rock excavations. Negotiations took place and approval was given to the contractor to blast the hard rock excavation.	Implementation 15% complete	60



Thembelihle	Construction of new oxidation ponds	The District Municipality agreed to counter fund the project for Thembelihle Municipality as they did not have the funds to complete the works.	Project Completed	10
Thembelihle	Sanitation for informal town ship in Steynsville	Project was completed without delays	Implementation 100% complete	24
Siyancuma	Installation of bulk sewer network	The contract came to a stand still when the contractor left the works. A Consultant Engineer was appointed but withdraws from the project. Through a competitive bidding process a new Consultant Engineer was appointed to investigate and redesign the works where savings could be made. A report was prepared and it indicates that R8m is needed to complete the project. The project could not be implemented as all funds were committed.	Planning	
Siyancuma	Douglas master plan for water services	The Municipality has appointed a consulting engineer to undertake the study for them. It was completed.	Project completed	
Pixley ka Seme DM	Rural Sanitation	The District Municipality has provided sanitation to farm workers on farms. Although there are still backlogs the project was completed successfully.	Project completed	
Pixley ka Seme DM	Repayment of Loan	In order to fast track the Bucket Eradication Programme the District Municipality took up a loan at DBSA to implement projects. The installments for the loan was funded by FIG.		
Umsobomvu	Noupoort upgrading and replacement of sewer pumps	The District Municipality agreed to counter fund the project for Umsobomvu Municipality as they did not have the funds to complete the works.	Project completed	



3.10 Report on Mechanical and Roads function for the Department of Transport, Roads and Public Works

The Department of Transport, Roads and Public Works (DoT,R&PW) is the road authority in the Northern Cape and the District Municipality is responsible for maintenance works as an agent for the Department on gravel roads in the region.

Technical Services is responsible for maintenance of about 8000 km gravel roads which consist of 5,645 km Divisional Roads, 2,274 Main Roads and 86km Trunk Roads. The unit has 79 staff members of which 63 are responsible for road maintenance, 6 for the maintenance of plant and 9 administrative supporting staff. Plant used for road maintenance is supplied by the DoT,R&PW.

Road maintenance is done on gravel roads in the district and it includes routine blading maintenance and rehabilitation, construction or upgrading of gravel roads.

3.10.1 Construction team

The team is currently busy with the upgrading of Main Road (MR) 803 and 809 in Douglas. They should have completed the works by December 2006, but the project was delayed by the supplier of the crushed stone when he withdraws and the District Municipality had to re-advertise and appoint a new supplier. All the layer works and the side trimming were completed on both MR803 and MR809. The team manages to seal MR803 in time but the stabilized layer works of MR809 carbonize during the period and the layer have to be ripped and recompacted.

Photographs of the project



Douglas upgrading of MR 803 and 809



Compacted base



Primed base course ready to be sealed

3.11 Disaster funds

Disaster funds were allocated to the District Municipality for repairs for flood damage roads in the district. The next table gives a description of the works and progress.

District	Road Nr	Description of works	Progress	Work opportunities (man-months)
Petrusville	Hp791	Regravelling and fill of road and the construction of 3 drifts	Implementation	150
Vanderkloof	Hp798	Erosion protection works:	Construction completed	42
	Hp812	Stone pitching and a side drain will be build	Construction completed	90
		Construction of footpath	Implementation	30
Hopetown Witput	Hp802 Ap3111	Replacing existing pipes and culverts with large culvert and deviating the road	Construction completed	50
Douglas	Ap3103	Regravelling works and the building of humps	50% complete Works stopped because of the unavailability of plant	
Prieska	Op27/5Ht	Regravelling works and the building of humps	The road was graded but the metre drains still need to be build	



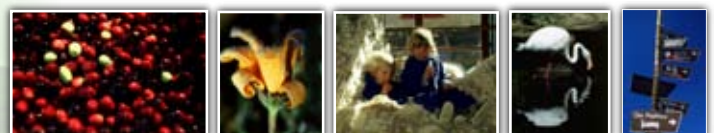
3.12 Blading Maintenance

Blading maintenance is the core maintenance activity of gravel roads in the District and Pixley ka Seme has 15 blading teams. The average availability of the Department's graders is less than 50% therefore it was decided to appoint a contractor to help with the blading of roads. Originally the contractor was appointed for four blading areas but since May 2007 the number increased to eight areas. These areas are Griekwastad, Marydale, Hopetown, Strydenburg, Britstown, De Aar, Richmond and Colesberg.

The next table shows the planned production against the actual quantities for each blading area. This production could not be reached without the help of the contractor.

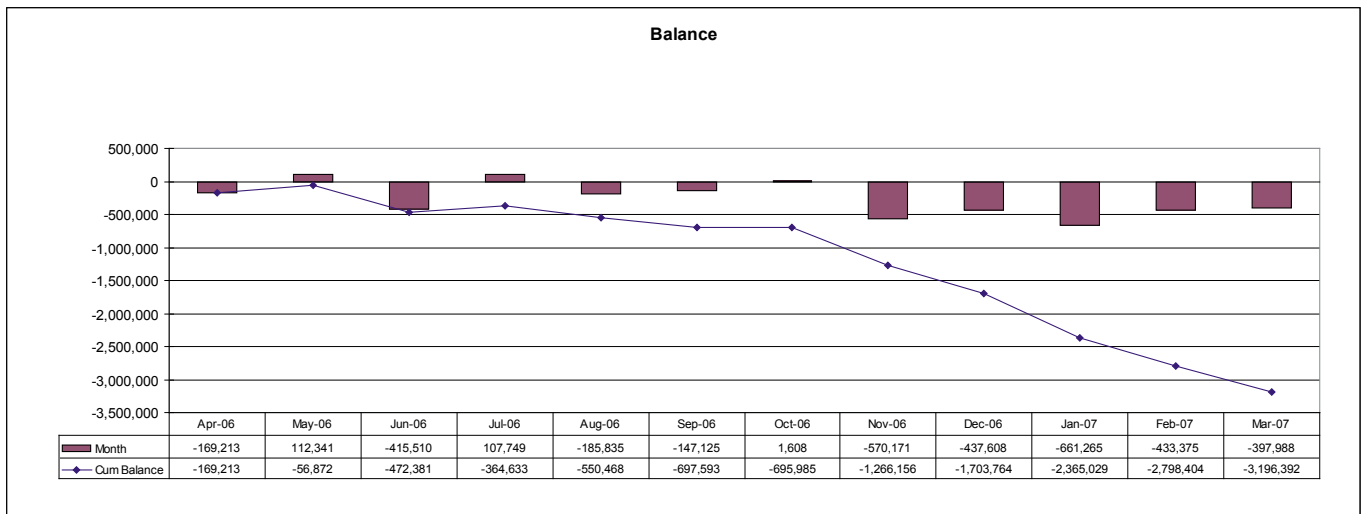
PIXLEY KA SEME DISTRICT MUNICIPALITY															
Grader area	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Total	% of planned	
DB Marydale	Planned	467	472	446	408	366	250	467	472	446	408	366	250	4.817	88%
	Actual	96	542	347	0	198	467	694	57	782	0	300	776	4.259	
DB Prieska	Planned	435	462	434	471	435	462	434	471	435	462	434	471	5.408	70%
	Actual	256	292	0	0	523	646	242	894	99	436	358	55	3.801	
DB Prieska - Strydenburg	Planned	372	477	345	444	292	220	372	477	345	444	292	220	4.299	71%
	Actual	173	43	0	396	373	310	173	727	315	522	0	0	3.032	
VO Griekwastad	Planned	391	443	426	467	361	307	391	443	426	467	361	307	4.791	82%
	Actual	145	181	225	417	593	247	830	287	163	519	64	264	3.934	
VO Douglas	Planned	463	407	426	356	339	314	463	407	426	356	339	314	4.610	65%
	Actual	340	29	272	198	239	316	467	392	42	334	364	27	3.020	
Saltlake	Planned	437	436	451	370	437	436	451	370	437	436	451	370	5.083	64%
	Actual	405	138	37	67	361	450	456	268	299	276	0	477	3.234	
Carnarvon - Vanwyksvlei	Planned	389	538	390	430	329	397	389	538	390	430	329	397	4.945	82%
	Actual	1.203	178	99	349	0	303	627	0	478	0	481	332	4.050	
Carnarvon - Loxton	Planned	446	404	443	475	389	215	446	404	443	475	389	215	4.745	101%
	Actual	639	476	291	354	323	429	597	328	500	175	280	389	4.781	
Britstown	Planned	406	435	464	424	393	173	406	435	464	424	393	173	4.590	64%
	Actual	250	451	100	129	0	517	163	463	173	0	441	229	2.915	
Victoria Wes	Planned	355	359	350	351	330	289	355	359	350	351	330	289	4.068	96%
	Actual	324	247	336	458	85	435	355	191	287	355	500	330	3.903	
Hopetown	Planned	393	406	417	393	261	271	393	406	417	393	261	271	4.284	71%
	Actual	119	78	0	193	113	385	454	627	290	55	470	270	3.053	
Philipstown	Planned	392	420	359	355	381	181	392	420	359	355	381	181	4.172	66%
	Actual	115	46	0	407	34	76	781	303	332	59	538	47	2.736	
De Aar	Planned	442	351	430	432	324	263	442	351	430	432	324	263	4.483	61%
	Actual	147	126	0	110	195	348	215	244	562	0	505	275	2.726	
Richmond	Planned	397	385	372	321	391	205	397	385	372	321	391	205	4.140	79%
	Actual	0	0	0	163	544	354	164	612	391	101	863	77	3.269	
Colesberg	Planned	409	423	406	416	392	430	409	423	406	416	392	430	4.953	65%
	Actual	257	303	31	207	234	0	336	531	151	99	513	566	3.228	
Total	Planned	6.193	6.417	6.159	6.115	5.418	4.413	6.207	6.361	6.145	6.172	5.431	4.357	69.390	75%
	Actual	4.469	3.127	1.738	3.448	3.815	5.283	6.554	5.924	4.863	2.932	5.676	4.113	51.940	
% of planned		72%	49%	28%	56%	70%	120%	106%	93%	79%	48%	105%	94%	75%	

Financial Expenditure of the Agency function is regularly monitored and reported on a monthly basis to the Department of Transport, Roads and Public Works. The financial year for the Department start on April 1st and ends March 31st. Expenditure against the budget is reflected in the next graph.



According to the above graph the Maintenance Total is underspent by R3 million by the end of February 2007 however the Mechanical Section overspent by R2.7 million as indicated in the next graph leaving a surplus of ±R300,000 in the Roads Account.

Plant is hired by the Road Maintenance Section and with the income the Mechanical Section is responsible for maintaining and replacing the plant. The next graph shows the financial status of the Mechanical section which is supposed to have a positive bank balance.



This means that the Road Section have to pay for plant repair, therefore funds are not utilised were it is suppose to be.

The biggest challenge for the Technical services section is the replacement of plant. The plant is very old and beyond it's service life and must be replaced otherwise the cost of plant maintenance will increase dramatically. This current situation is untenable as the Road Maintenance Section pays for repairs of plant leaving less funds for road maintenance. An alternative solution is to:

- The Department should replace its fleet, or
- The District Municipality buys plant and hires it to the Department and Local Municipalities, or
- Outsource some maintenance functions to private contractors.

Currently the District Municipality has appointed specialists to conduct a fleet feasibility study for the District Municipality in order to determine the best option.

3.13 Programme for public participation

A communication strategy was developed and implemented by the Infrastructure and Technical Services to ensure communication with external stakeholders.

Project Steering Committees PSC were established for most infrastructure projects. The chairman represents the PSC at monthly progress meetings. Officials of the department with Councillors have attended various meetings with farmer unions. Communication with the farmer unions or representatives is an ongoing process to keep them informed of the situation regarding road maintenance.

3.14 Local Economic Development

For the financial year under review the objectives for the section were as follows:

- District Growth and Development Summit
- Restructuring and strengthening of the LED section
- Establishment of a District Wide Economic Development and Tourism Forum

3.14.1 District Growth and Development Summit

A very successful two day summit was held in De Aar, Emthanjeni on the 23rd and 24th November 2006. The summit was attended by 364 people. The proceedings started at 09:00 on 23 November 2006 and closed at 13:00 on 24 November 2006.

The first day was well attended by dignitaries, including the Premier, MEC for Housing and Local Government, MEC for Safety and Liaison and the Deputy Speaker of the NCOP and MPS and MPLS. There was a number of HOD's of Provincial Departments. The second day was attended by the MEC for Agriculture and Land Affairs, MEC for Safety and Liaison, Deputy Speaker of the NCOP and MPS and MPLS

The following documents and speeches were presented at the Summit:

- Programme for the Summit
- Welcoming Address by Mayor BK Markman
- Opening Address by Executive Mayor HG Jenkins
- Keynote Address by Premier D Peters
- Keynote address by MEC T Joemat-Petterson
- Strategic Overview of the DGDS
- Presentation on Mining Strategy
- Presentation on Agriculture
- Presentation on Wholesale and Retail



- Presentation on Manufacturing
- Presentation on Tourism
- Presentation on Local and Economic Development

The final District Growth and Development Strategy document has been launched jointly with the launch of our District website on the 18th of June 2007 in Emthanjeni –De Aar.

The event was graced with the presence of the Premier, MEC P.W. Saaiman and the Executive Mayor with Mayors from the district. The Strategy is available to various departments and is also available on the website of the District Municipality.

3.14.2 KPI – Restructuring and strengthening of the LED section

The restructuring of the LED section is a laborious process which started in September 2006 with the revision of the organizational structure. It was tabled and approved by

Council during December 2006. The new organizational structure makes provision that the LED Unit be a complete new department with a Senior Manager, a Manager LED/IDP and tourism to lead the section. Officials in the section will be a Sectoral Programme Coordinator, a Public Relations Officer with an Administrative Clerk and Project Officer. The position of Manager LED/IDP was advertised and before it could be filled the whole process was reconsidered and temporary halted.

3.14.3 KPI – Establishment of a District Wide Economic Development and Tourism Forum

The establishment of a District Wide Economic Development and Tourism Forum will be the next step as part of the implementation of the District Growth and Development Strategies and will inform the DGDS Technical Committee as sector representatives from the following sectors will form part of the Committee. The forum is not yet establish in the District.



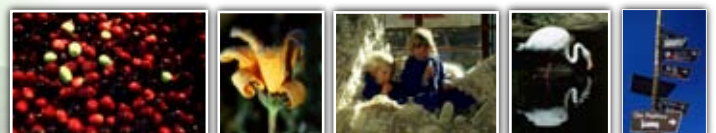
CHAPTER FOUR

Shared Service Centre:

SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
<p>Key performance areas Services for the district-level IDPs</p> <p>Objectives To assist and advise municipalities on all IDP related issue</p> <p>Key performance indicators To ensure that all legal requirements within the IDP process are met by local municipalities</p>	<p>The District and its 8 Local Municipalities successfully reviewed their IDPs for the 2007/8 financial year and they were adopted by the respective Councils. After the adoption of the District Municipality's IDP we had summarized and advertised it in terms of the MSA. When we were busy reviewing the IDP of the District Municipality we had also provided some information and assistance to Local Municipalities to ensure that their review process is successful. Some Councillors were also taken through the IDP process to take them on board with the process. All priorities issues and projects that were identified in local IDPs were done with out assistance.</p>	<p>As noted in 2005/6 financial year, there are still delays with the implementation of projects that were identified in all local IDPs.</p>	<p>Sufficient finances be made available for implementation of projects</p>
		<p>Integration of IDP into Provincial Government budgeting process</p>	<p>Alignment of strategic plans of sector departments as priorities Sector departments to reflect in costed strategic plans</p>
		<p>Intergovernmental planning still needs to be enhanced for effective inter-sphere planning by the 3 spheres.</p>	<p>Use the district IGR forum to strengthen the commitment and participation of Sector Departments in IDP process.</p>
	<p>As at May 2007, only the District and 4 Local Municipalities (Emthanjeni, Ubuntu, Thembelihle and Kareeberg) submitted their IDPs to the MEC for Local Government and the National IDP evaluation panel for assessment and comments in accordance with the MSA. The outcome of the process was presented to the municipalities in the IDP engagement sessions that were held in May 2007, in Upington and De Aar.</p>	<p>The need for a vibrant public participation structures, namely, IDP Representative Forums and Ward Committees in IDP process.</p>	<p>Encourage and facilitate IDP Representative Forum meetings to ensure effective participation of all stakeholders in the process.</p>
	<p>Even though it was clear from the feedback that most of the Local Municipalities did not do well in this year's review process, valuable lessons were learnt during the sessions, and we think they will serve as our building blocks towards a more improved planning tool for the 2008/9 financial year.</p>		



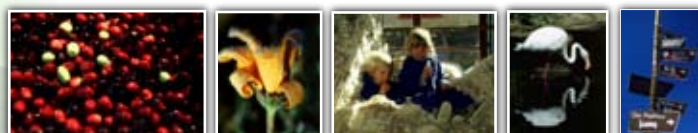
SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
<p>Key performance indicators To provide methodological guidance to municipalities</p>	<p>The methodological process that we adopted provides a framework for reviewing IDPs to make them credible documents. To this end the Local Government 5 year strategic development agenda, the MEC's comments on IDP for 2006/7 financial year and the process plan we drafted were circulated to municipalities to guide their review process. Furthermore, we also had meetings with municipal officials that served as a platform for providing assistance and information during the review process. Terms of references were also drafted by us for those Local Municipalities who used professional service providers for their IDP reviews. The terms of references provided the scope of work and methodological process that form the basis on which all IDP development processes are to be followed.</p>	<p>Adherence to the timeframes of IDP review process is still a problem</p>	<p>Set clear targets in the IDP process plans of Local Municipalities.</p>
<p>Key performance indicators To convene and/or facilitate IDP workshops and training sessions</p>			
<p>Key performance indicators Compilation of outstanding sector plans</p>			
	<p>During the IDP review period we convened 2 IDP representative forum meetings for the district IDP and also attended all representative forum meetings that were convened by local municipalities. The outcomes of the meetings were not only used as a strategic management process to guide both the administrative and political orientation of the Municipalities, but there were also used for linking of planning, budgeting and performance management system so as to enhance service delivery.</p>		
	<p>With regard to training, DPLG is currently making arrangements for the training of municipal officials and Councillors on IDP which is likely to take place between now and July 2008. We have submitted the names of those to be trained to DPLG in this regard.</p>		
	<p>Compilation of the integrated environmental management plan and spatial development framework for the District and Local Municipalities has already begun and we envisaged the process to be completed by November 2007. The discussion document of the SDP is being circulated to all stakeholders for their final inputs before it is finalized. We are currently making preparations for the compilation of the land audit and institutional development plans that we could not compile in 2006/7 financial year due to some reasons beyond our control.</p>	<p>Not enough funding to compile outstanding sector plans</p>	<p>Adequate resource allocation is imperative.</p>
			<p>Contact DBSA, Sector Departments eg, Department of Transport, DWAF, Department of Environmental Affairs and Department of Land Affairs for funds.</p>



SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
	<p>Related to the above was the implementation of the Pilot Project on National Spatial Development Perspective in Pixley ka Seme District by the Office of the Presidency. The objectives of the project are to strengthen the IDP development process and to promote the district as a shared unit of analysis and planning between the three spheres of government. Therefore, the project has highlighted the needs to facilitate both spatial and economic development in the region. The feedback of the workshops that we conducted between January and June 2007 was presented to the Presidency in Pretoria on 11/7/2007.</p>	<p>Even with maximized spatial and economic development poverty levels will remain high in the region.</p>	<p>Integrated spatial, social and economic development initiatives or responses are required from the 3 spheres of government.</p>
<p>Key Performance Areas Basic services</p>	<p>In order to meet the objective of this key performance area, we had performed the following functions:</p>		
<p>Objective To ensure that all Local Municipalities have the necessary resources for planning purposes.</p>	<ul style="list-style-type: none"> • Provision of all vital information on IDP, PMS and Human Resources to Municipalities during the period under review. • Revived some dysfunctional IDP Rep Forms to promote and encourage communities and Sector Departments to participate in District's IDP process. 		
<p>Key performance indicators To assist with services that are related to constitutional mandate of supporting the municipalities by undertaking responsibilities such as establishment of links between government departments and/or private sector and provision of information to Municipalities.</p>	<ul style="list-style-type: none"> • Facilitated the submission of both district and local IDPs to the MEC for Local Government and the National IDP assessment panel in terms of the MSA. • Facilitated the IDP engagement sessions that were held in May 2006 in Upington and De Aar, which we think are slowly but surely promoting and encouraging intergovernmental planning in the district. • Participated in the District IGR Forum and Land Use Management Bill Steering Committee meetings in order to foster intergovernmental collaboration and communication amongst local government stakeholders. 		



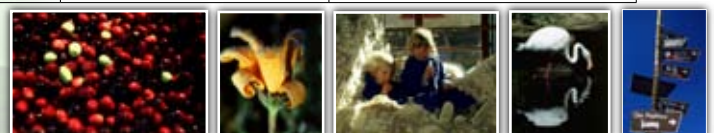
SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
Key Performance Areas Demand driven services	We had, on behalf of Renosterberg local municipality, contacted some service providers regarding the Environmental Impact Assessment (EIA) for the land use scheme (small scale industrial and residential sites) that we prepared in Vanderkloof. The proclamation of the scheme will be done as soon as the area is surveyed. We had also perused and provided comments on the draft EIA report for the proposed extension of the Hydra substation and the proposed construction of a new 765 KV transmission line between the Hydra and Gamma substations, which was submitted to the Northern Cape DTEC in June 2007.		
Objection To support and advise Municipalities, Sector Depts, etc, on a demand basis.			
Key Performance Indicator To provide all sorts of planning services, including land use schemes/management to Municipalities			
	With regard to land use development control, we also assessed and made recommendations to Local Municipalities regarding institutional, commercial and housing development plans that were submitted to our office. This service is meant to encourage a good land use management practice within the region.		
	Prepared the locality map with street names of the district for SNDF, SAPS and John Hill Consulting services in Cape Town.		
	The business plan for the development of the proposed Taxi Rank in De Aar with an estimated cost of about R3 million was prepared by us for Emthanjeni Local Municipality. The project has already been approved and funded by the Department of Transport and construction work will commence very soon. We hope to implement the same project in Colesberg during 2009/8 financial year. We had also facilitated the launching of Shova Kaula Bicycle project by the Depart of Transport in Emthanjeni municipal area, with the objective of improving the quality of education in the disadvantaged schools. Under the project all learners who are walking to school for more than 3km will be provided with bicycles.		
	We prepared the document for the state of the province address in Nov 2006, and finalized the minutes and action plan of the Presidential Imbizo that was held from 18 - 19 August 2006		



SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
HUMAN RESOURCE MANAGEMENT (HRM)	Compiled Skills Audit for Pixley Ka Seme, Renosteberg, Emthanjeni and assisted with the Skills Audits for Siyathemba and Umsobomvu.	Municipalities are unable to draft their WSP and contract service providers.	Facilitate training to empower SDFs in order to draft their Skills Audits and WSPs.
Objectives To assist municipalities in drafting those plans.		Shortage of capacity to draft implementation report at local municipalities.	
KPI Ensure all municipalities have Workplace Skills Plans and submit implementation reports to the LGSETA			
	All nine municipalities in the district submitted their WSPs to the LGSETA. Training was conduct to empower SDF to draft WSP'S.		
KPI Training of officials	Short trainings and courses were facilitated for employees by SAMDI and other service providers.	Shortage of resources to facilitate more training.	Constant trainings must be conducted and more assistance be given to municipalities.
KPI Capacity building of officials in different levels.	Establishment of the Training Committee to outline all trainings and approve the trainings and the budget.	Central coordination of trainings.	
	Drafted and assisted Municipalities with their Learnership application or Business Plan. Advertisement of Learnership programme. Compiled contracts of Employment and Learnership agreements. Management of learnership Service Provider. Started MFA learnership programme for the district and local municipalities. Coordinating learnerships for all Municipalities in the district.	Availability of Mentors for MFA learners to coach them. Monitoring of learnership learners' performance at Local Municipalities.	More funds be availed to undertake accredited training according to WSP. Corporate Service Department be central in coordinating the trainings or the SDF only be task with that responsibility with now department will organized its own training with out consulting the SDF. More training and involvement of Assessors to assist in the coordination and monitoring of the programme.
	Drafting the District and Local Municipalities Activity Plans to be submitted to DPLG for allocation of MSIG. Draft quarterly and monthly expenditure reports for municipalities including the district. Monitor the implementation of those activity plans and their municipal expenditure.	Expenditure is not according to the Activity Plans. Spending of MSIG is moving too slow. None compliance in submitting monthly reports.	Adhere to timeframes of Activity Plans. Shared Service Centre must be used to assist to compile monthly and quarterly reports.



SUMMARY OF:	ACHIEVEMENTS	CHALLENGES	PROPOSED CORRECTIVE ACTIONS
	Draft Terms of Reference of Institutional Plans and facilitate their tender process for: Pixley Ka Seme District, Siyancuma, Umsobomvu, Ubuntu and Renosterberg		
PERFORMANCE MANAGEMENT SYSTEM	All nine of the municipalities have a PMS revised and adopted policy.	The capacity of municipalities to implement the system is still low.	More training on the operation of the PMS to Municipalities.
Objectives/KPI To assist the District and local municipalities in compiling and complimenting a performance management system.			
	Seven of the nine Municipalities have a consolidated PMS document with KPA's, Objectives, KPI's and Performance Targets for Municipalities.	To have all nine municipalities to have an Operational Organisational PMS. No progress with Siyathemba and Siyancuma Municipalities due postponement of meetings.	Training and Capacity Building.
	Workshops were conducted by us for all local municipalities in this regard.		
	Only the District, Emthanjeni and Ubuntu Municipalities have signed Performance Agreements.		To have regular one on one meetings with municipal managers.
		To have Nine Municipalities with signed agreements between the Municipality and all Section 57 Employees	Assisting with the compilation of all necessary documents needed to implement this.
Objective/KPI To monitor the implementation of the system.	Only the District, Emthanjeni and Ubuntu Municipalities have gone through the process of monitoring the PMS process.	To have nine Municipalities with trained and equip Evaluation Panels to monitor the evaluation process on the prescribed times.	To assist municipalities in the Compilation of the Evaluation Panels and train these Evaluation Panels to conduct an effective evaluation in the prescribed time frames.
Objective/KPI To assist the municipalities with the coaching and review of the system.	The SS Centre assisted municipalities with the evaluation of their PMS.	To have a fully operational monitoring and evaluation system in place and have regular reports to the respective Municipal Councils.	To assist the Municipalities to develop a proper evaluation reporting system for the Evaluation Panels to report to Councils.
Objective/KPI Involvement of citizen and community participation in local governance.	We had during the financial year under review assisted all local municipalities with the revival of the Performance Management Committees (PMC's).	Lack of buying in the implementation of PMS is still a problem.	Training of political office bearers and municipal officials on National and Provincial policies.



CHAPTER FIVE

Good Governance and Public Participation

Development for a Programme for Public Participation

An annual programme for public participation was developed in conjunction with the Speaker and the Office of the Executive Mayor.

The programme set out the Councils public participation programme for the year and the programme was communicated to all Municipalities.

The programme was carried mainly by the Manager in the Office of the Executive Mayor. Corporate Services provided logistical support through announcements prior to Council's visits as well as ensuring the venues are ready for these meetings.

Participation in development of policies

Corporate Services, through its HoD is actively involved in the development of policies for the municipality as well as other Local Government institutions. The Department is involved in process of establishing one public service. This entailed reviewing of current policies that inhibit the establishment of one public service. The departmental head is also involved with SALGA where policies relevant to the Local Government sector are formulated.

The HoD for Corporate Services also assisted with the Councillor Qualification Scoping exercise. The aim was to ensure that the qualification was accredited with SAQA thus ensuring that credits can be obtained after successfully completing the training.



CHAPTER SIX

Other Functional Areas

The establishment of an effective and efficient Disaster Management Unit

The aim of the section is to co-ordinate and organize all the available resources during a disaster or an emergency. The following are the core functions of the Centre and have been carried out by the dedicated staff:

- National Emergency and Alarm Radio (NEAR) System

The NEAR System is functioning well and is currently serving 1300 users, mostly the farming community.

- The Control Room is operating well and staff members received training on how to handle incidents. Depending on the time of the year on average the Centre handles 1450 over a period of thirty days.

Training of volunteers and staff on disaster

- Due to financial constraints no training for volunteers took place during this cycle. However, training of the Staff working in the centre took place. They received training on how to handle disaster incidents. In this financial year provision in the budget has been made for the training of volunteers because they are the back bone of any Disaster Management Centre. During the preceding year a total of 100 volunteers were trained on how to handle disaster situations.

Development of Incident Management Systems

The expertises of the section are used during the organizing of special events for drafting and doing contingency plans in conjunction with other stake holders, e.g. Izimbizos. A level has been reached where departments will come to Disaster Management for assistance with regard to incident management, whenever an event is to be hosted within the region.

Development and Implementation of Disaster Management Contingency Plans

A contingency plan has been developed for the District Municipality and assistance was also provided for the Category B municipalities to develop their own contingency plans. The development of the plan is crucial because it forms part of the IDP. These plans form the blue - print on how disaster situations are handled as well as the clarification of roles during these incidents.

The Category B municipalities do not have contingency plans in place. They only submitted disaster management plans. The Disaster Management Unit is currently putting systems in place to assist the Category B municipalities with drafting their contingency plans.

Disaster and Emergency situations

No disaster situations were handled during the period. The division handled the following emergency situations:

- Floods

Petrusville was struck by floods and 18 families had to be evacuated and provided with temporal accommodation.

- Veld Fires

Several incidents of veld fires were reported during this period and fortunately no human life was lost due to the fires. As part of the effort to coordinate fire fighting activities the division established Veld Fire Associations that will work hand in hand with the farmers association to coordinate fire fighting when there is a veld fire. The division did not manage to establish the fire fighting associations through out the region, but there is an ongoing process to establish them so as to ensure compliance with legislation as well as farmers will be organized in terms of fire fighting.

- Fire Fighting Equipment

All municipalities and the DMA received fire fighting equipment so as to make it possible to fight fires.

- Occupational Health and Safety

Six incidents were reported during this period with no serious injuries. The Health and Safety committee is meeting regularly and spot checks are conducted to identify and prevent hazards in the work place.

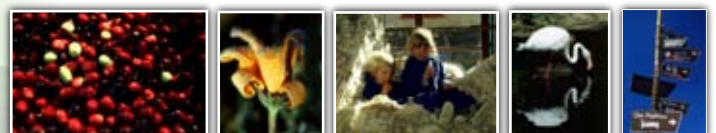
Buildings

New offices for the Internal Audit Unit and Shared Services Centre were renovated. The roof of the main building was repaired because it was leaking. Renting agreements were entered into on behalf of the municipality with the following institutions:

- Department of Public Works – Safety and Liaison in Richmond.
- Umsobomvu Municipality
- Ubuntu Municipality

Motor Vehicles

Three motor vehicles were purchased during this period, after the correct procedures were followed in terms of the Supply Chain Management. The vehicles that were purchased is one LDV and two Sedans. Currently most of the vehicles of the Council are in a fairly good condition except for the



Condor that has over 200 000 kilometres on its odometer-reading.

Environmental Health Services

The focus of Environmental Health is to prevent the spread of communicable diseases, through preventing disease through surveillance and monitoring, providing health education and promoting healthy behaviors. Health is defined by The World Health Organization as: *“A state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”*

Environmental Health plays a very important role in prevention efforts in both the developing world and in developed economies, either through the local health system or through international non-governmental organizations. In this report a summary will be given as what activities have taken place in the field of environmental health in the Pixley ka Seme District for 2006/07.

The Provincial Department of Health allocates community service members to render municipal health services. Some Municipalities also have Environmental Health Practitioners. The table below indicates the relevant Environmental Health officials per municipality.

Name of Local Municipality	2006 Name of Community Service Member	2007 Name of Community Service Member (CSM)/ Environmental Health Practitioner
NC071: Ubuntu	Miss. L. Summers	Miss. L. Summers
NC072: Umsobomvu	Miss. B. Selekwa Mr. B. Russouw	Miss. B. Selekwa (CSM) Mr. B. Russouw
NC073: Emthanjeni	Mr. S. Nunze Mr. W. Pool	Mr. S. Nunze Mr. W. Pool
NC074: Kareeberg	-	Miss. L. Summers
NC075: Renosterberg	-	Mr. D. Willemse (CSM)
NC076: Thembelihle	Miss. Z. Ntsapo	Miss. S. Frans / Mr. D. Willemse (CSM)
NC077: Siyathemba	Miss. M. Gumede	Miss. N. Ngudle(CSM)
NC078: Siyancuma	Miss. A. Ngcongca	Miss. A. Ngcongca

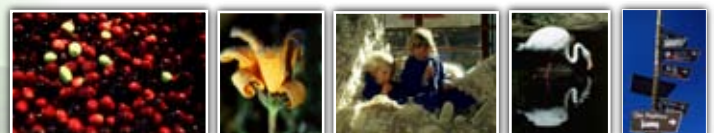
It should be noted that Miss. S. Frans resigned in June 2007, therefore Mr. D. Willemse will now be rendering Municipal Health Services at Thembelihle Municipality. The National Health Act, Act 61 of 2003 defines municipal health services as:

- a) Water quality monitoring
- b) Food Control
- c) Waste Management
- d) Health Surveillance of Premises
- e) Surveillance and Prevention of Communicable Diseases
- f) Vector Control
- g) Environmental Pollution
- h) Disposal of the Dead
- i) Chemical Safety

These aspects will now be looked at with regards to the progress and initiatives that took place during 2006/07. It should be noted that all values are estimated due to new community service members joining municipalities each year, traveling constraints and resource limitations.



Objective	Indicator	Target 2006/07	Estimate	Comment
<i>Water Quality Monitoring</i>	% of Chemical Samples taken	100%	70%	Due to transport constraints experienced at Ubuntu Municipality, sampling was not regularly conducted
	% of Bacteriological Samples taken	100%	70%	Due to transport constraints experienced at Ubuntu Municipality, sampling was not regularly conducted
<i>Food Control</i>	% of Food Premises Issued with C.O.A's	100%	35%	Certificate of Acceptance C.O.A's have not yet been issued to all food premises
	No. of Certificates issued for Unsound Foodstuffs	0	27	All foodstuffs were safely disposed of.
	No. of Food Samples sent for analysis	12	1	Staple foods will be sampled in the future
	No. of Milk Samples Taken	12	4	Milk Samples will be taken at all municipalities in future
	No. of Milking Parlours	0	2	No comment
	No. of Oil Samples Conducted	-	58	Five of these samples were found to be unacceptable as they contained more than 16% polymerized triglycerides and 25% polar compounds
<i>Waste Management</i>	% of Landfill Sites with Permits	100%	0%	Some local municipalities are currently conducting E.I.A's and others are not even attempting
	% of Landfills Inspected	100%	20%	Landfills must still be inspected in some areas
<i>Health Surveillance of Premises</i>	% of hospitals inspected	100%	70%	Inspections must still be conducted in some areas
	% of clinics inspected	100%	70%	Inspections must still be conducted in some areas
	% of Schools inspected	100%	70%	Inspections must still be conducted in some areas
	% of Day Care Centers inspected	100%	40%	Inspections must still be conducted in some areas
	% of Prisons inspected	100%	40%	All prisons will be inspected
	% of Old Age Homes Inspected	100%	1%	Inspections must still be conducted in some areas
	No. of Premises inspected in respect of Tobacco Regulations	100%	20%	All taverns, restaurants, etc will be inspected in the future
<i>Vector Control (i.e. rodents, cockroaches, ticks, flies, etc)</i>	No. of Complaints received	0	1	Complaint has been resolved
<i>Environmental Pollution</i>	No. of Env. Poll. Cases Reported	0	7	All complaints have been resolved
	No. of Noise complaints received	0	3	All complaints have been resolved



Objective	Indicator	Target 2006/07	Estimate	Comment
<i>Disposal of the Dead</i>	No. of Funeral Undertaking Premises with C.O.C's	100%	1%	E.H.P's still assisting Funeral Undertaking Premises with obtaining C.O.C's
	No. of Exhumations	-	1	Exhumation was approved by the Provincial Department of Health
<i>Chemical Safety</i>	No. of premises complying with legislation and licensed	5	5	Surveying will be conducted to determine what chemical premises are not registered and licensed
<i>Building Plans</i>	% of Building Plans Approved	100%	41%	Building plans not approved has been returned to owners for correction
	No. of Applications for Rezoning	-	2	Only received two rezoning applications
<i>Surveillance and Prevention of Communicable Diseases</i>	No. of New Cases of Notifiable Water-borne Diseases Reported	0	5	Shigellosis commonly found in Hopetown. Concern should be given to this area.
		0	39	Case of diarrhoea outbreak in Vosburg, situation not resolved yet but further cases have not been reported
	No. of New Cases of Food Poisoning Reported to the E.H.P	0	7	Liaisons will in future, take place with health promotions to determine the procurement list of all caterers
	No. of New Cases of Pesticide Poisoning Reported to the E.H.P	0	1	Awareness on Pesticide Poisoning will be conducted in future

Environmental Health is also responsible for community development programs e.g. Health and Hygiene Awareness and Meat Hygiene. A health and hygiene awareness project took place in the jurisdiction of Ubuntu Municipality. The project ran from the 01st November 2006 to the 29th of February 2007, and was funded by the Department of Water Affairs and Forestry (DWAF). The project was divided into two phases:

Phase 1 - Survey conducted to determine which percentage of the community preferred/did not prefer prepaid water meters

Phase 2 - Health and hygiene awareness on water and sanitation

A meat hygiene programme was also undertaken and was run in conjunction with the Department of Agriculture. Various schools were visited as seen in the table below. The program presented itself in the form of a one day workshop in which aspects such as personal hygiene, meat hygiene, safe cooking preparations, etc. were discussed. The information was brought across using videos, projector slides and posters. The following schools were visited.

VENUE	DATE
1.) Pampoenpoort Primary School	12 September 2006
2.) Victoria West High School	13 September 2006
3.) John Russouw Primary School	14 September 2006

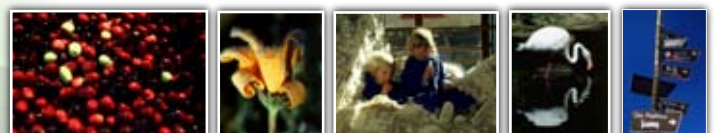


CHAPTER SEVEN

Municipal Financial Viability and Management

7.1 Performance of the Internal Audit Unit

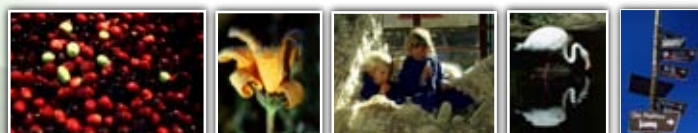
Objective	KPI's	Achievements	Challenges	Corrective action
Key Performance Area No 1 – Municipal Transformation and Organizational Development	Filling of all vacant posts in terms of the EE Plan	An amended Organizational Structure was approved by Council and one Senior Internal Auditor was appointed from 1 May 2007. The second post of Senior Internal Auditor was filled from 1 August 2007. A Junior Internal Auditor was also appointed from 1 August 2007.	To limit the staff turnover of the IA Unit	
	Compile and implement a comprehensive Skill Development Plan	The Skills Development Plan of the IA Unit forms part of the Municipality's S D Plan. The necessary input was made at the beginning of the Financial year.	The on going staff development of the IA Unit, as described in the Standards	
	Compile individual career paths for employees	This forms part of the Municipality's career development plan.	To make inputs on the career development of the IA members	
	Implement EE Plan	All new appointments were made according to the Municipality's EE Plan.		
	Participate in Annual Strategic Planning Session	The CAE participated in the Strategic Planning Session of the Municipality.		
	Teambuilding	Departmental meetings were held on a regular basis. Proper agendas and minutes have been kept. No other teambuilding sessions were held.	To secure the necessary funding to have a teambuilding session, away from office	To have an IA Strategic Session annually
Key Performance Area no 2 Infrastructure Development and Service Delivery	N/A	N/A	N/A	N/A



Objective	KPI's	Achievements	Challenges	Corrective action
Key Performance Area no 3 <i>Local Economic Development (LED)</i>	N/A	N/A	N/A	N/A
Key Performance Area no 4 <i>Financial Viability and Management</i>	To support the management of an active Audit Committee	The following Audit Committees have been established: Pixley Ka Seme D/M Emthanjeni (Uses Pixley's A/C) Kareeberg Siyathemba Thembehle	To have at least four A/C meetings per annum	Meetings as scheduled
		The following Municipalities have not yet appointed an Audit Committee: Ubuntu Umsobomvu Siyancuma Rhenosterberg	To have A/C's appointed as soon as possible	Needs Provincial intervention
	To prepare risk based audit plans and programmes for participating Municipalities	Pixley Ka Seme Yes Approved Emthanjeni Yes Approved Kareeberg Yes Approved Siyathemba Yes Approved Thembehle Draft A/C did not meet Ubuntu Draft No A/C Umsobomvu Draft No A/C Siyancuma Draft No A/C Rhenosterberg Draft No A/C	The AC of Thembehle has been appointed, but could not meet, due to the fact that the Chair person has a conflict of interest. The non existence of the other AC's was the reason for the Plans not being approved.	The Council should appoint another member to the AC\ A/C should be appointed as soon as possible A/C should be appointed as soon as possible
	To report to all the Audit Committees	The Audit Committees had the following meetings: Pixley Ka Seme - Three meetings already Emthanjeni - Two meetings Kareeberg - Three meetings Siyathemba - One meeting	Two of the four AC members of Siyathemba resigned. Council in process of replacing the members	The issue regarding the AC should be addressed. This situation results in non-compliance with the MFMA.



Objective	KPI's	Achievements	Challenges	Corrective action
			The Chair person of Thembelihle has a conflict of interest and could therefore not meet. Council should appoint another member	Intervention is needed.
	To conduct quarterly audits for participating Municipalities and to report on work done.	Pixley ka Seme Three quarterly audits conducted. Three reports issued Busy with last quarter	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Emthanjeni Three quarterly audits conducted. Three reports issued. Last quarter to be completed by end August 2007.	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Kareeberg Three quarterly audits conducted. Three reports issued Busy with last quarter	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Siyathemba Three quarterly audits conducted. Three reports issued. Busy with last quarter	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Siyancuma Three audits conducted. Three reports issued. Last quarter planned.	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Thembelihle Three quarterly audits conducted. Three reports issued. Busy with last quarter.	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Ubuntu Three quarterly audits conducted. Three reports issued. Last quarter planned.	To execute the quarterly audits as per approved Annual Plan.	Proper planning
		Umsobomvu Three quarterly audits conducted. Two reports issued. Last quarter planned.	To execute the quarterly audits as per approved Annual Plan.	Proper planning



Objective	KPI's	Achievements	Challenges	Corrective action
		Renosterberg Two quarterly audits conducted. One combined report issued. Last two quarters planned.	To execute the quarterly audits as per approved Annual Plan.	Proper planning
Key Performance Area no 5 <i>Good Governance and Public Participation</i>	Programme for Public Participation	The Chief Audit Executive attended the following Forum meetings at a quarterly basis:	To attend and to make a contribution to the Forums	Future attendance the Forum meetings
		Northern Cape Chief Audit Executive Forum District Inter Governmental Relations Forum Technical Inter Governmental Relations Forum		

FINANCIAL PERFORMANCE:

The Internal Audit Unit had to render the service to nine Municipalities, within the approved budget. Strict budget control was necessary to prevent over spending of the approved budget.. Apart from the Personnel expenditure, the actual expenditure on Subsistence and Travelling is the second largest expenditure of the Unit. Proper planning and financial discipline was necessary to render the service, within the budget, without neglecting the quality of the service.

Expenditure Budget	R 1,486,500
Actual expenditure	R 1,478,969

TRAINING 2006/2007

The Standards for the Professional Practice of Internal Auditing determines that Internal Auditors should continuously develop their skills. The following training sessions and workshops were attended by the members of the Unit

Name	Training
Mr C J B MüLLER	Report writing Financial Accounting (UNISA) VAT Amendment Act (IMFO) IMFO Annual conference
Ms N Mvandaba	Report writing Financial Accounting (UNISA) Performance Management and Reporting (SAIGA)
Ms T Mgca	Report writing Financial Accounting (UNISA) Performance Management and Reporting (SAIGA)
Ms C Draai	Report writing Financial Accounting (UNISA)
Mr R Moses	Report writing Financial Accounting (UNISA)

CONCLUSION:

The Internal Audit Unit was evaluated by the Accountant-General. A report was issued on the findings and the following remark was made; "The Internal Audit Unit conforms in general to the prescribed norms for proficiency, professional care and quality assurance."

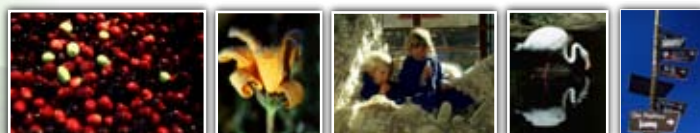
Certain recommendations were made to improve the quality of service. These recommendations are already implemented.

The capacity of the Unit was increased with the appointment of the two Senior Internal Auditors. It is expected that the service will be improved and that the Unit will be effective in the execution of their duties.



7.2 Performance of the Department of Finance

Objective	KPI's	Achievements	Challenges	Corrective action
Key Performance Area No 1 – Municipal Transformation and Organizational Development	1. Filling of vacancies in terms of the Employment Equity Plan	The following appointments were made during the year: 1) Rika Bossert (Junior Accountant) 2) Rachel Appies (Clerk) 3) Kobus Mangaliso (Junior Clerk) 4) A former learner has been appointed on a temporary base	To appoint a salary clerk to assist with the salary department	Vacancy should be advertised and filled during 2007/2008
	2. Implementation of Skills Development Plan	The Skills Development Plan of the section forms part of the Municipality's Plan.	Continuous training of section members in order to become compliant	Training sessions to be conducted during 2007/2008
	3. Policies	The following policies were compiled during the year: 1) Amended Supply Chain Management Policy 2) Investment Policy 3) Municipal Finance Management Act Implementation Plan 4) Financial Administration Procedures 5) Concept Property Rates Policy	Capacity needs to be build within all role players to understand and adhere to policies.	A finance strategic planning session to be held during 2007/2008
	4. Teambuilding	Departmental meetings were held on: 20/10/2006 14/02/2007 12/04/2007 Regular unit meetings within section took place. Training and workshops to be covered at the end of the report.	Because of Chief Financial Officer's involvement in Renosterberg, the section did not meet as frequent as possible	
	5. To have an annual strategic planning session to inform the IDP	The following sessions were attended: Upington: 10/05/2007 De Aar: 04-05/06/2007	Non-attendance of sector departments. Insufficient grant funding	



Objective	KPI's	Achievements	Challenges	Corrective action
Key Performance Area no 2 <i>Infrastructure Development and Service Delivery</i>	1. Expenditure on approved projects	The following capital projects were administered and spent as follows: 1) Drought Relief – 88% 2) MIG – 78% 3) RDP – 91% 4) Power lines – 95% 5) EPWP – 105% 6) Middleburg Road – 105% 7) SMIF – 104% 8) Flood Damage – 69% 9) Sanitation – 89%	Roll-overs between financial years. Financial problems of contractors Legal disputes Payments often delayed due to insufficient documentation Lack of knowledge at category municipalities to implement projects	Supply Chain Regulations to be stricter applied Improved communication with donor department Capacity building
	2. Report in terms of DORA, MIG and Business Plans	Monthly reports submitted to: 1) Council 2) Department of Housing and Local Government 3) Department of Provincial and Local Government		
Key Performance Area no 3 <i>Local Economic Development (LED)</i>	District Growth and Development Summit (DGDS)	The section participated in the mini summits and the main event as well as handling of the summit's financial administration.	To participate and engage in the realization of the final document's goals.	
Key Performance Area no 4 Municipal Financial Viability and Management	1. Recovering of budgeted Income	1) Budgeted income for the year was R22,472,000 2) Actual recovery for the year was R24,017,796 3) Over recovery of R1,545,796 4) Percentage Receiver 106,9% 5) Reasons for over recovery: (a) More strict control over income (b) More sector grants received (c) More returns on investments (d) Credit control	Differences in financial years Grants received very late from the Department of Housing and Local Government	Maintaining of credit control to recover remaining levies Pressure on government departments



Objective	KPI's	Achievements	Challenges	Corrective action
	2. Reduction of debt	1) Balance as at 30/06/2006 R227,422 2) Balance as at 30/06/2007 R0 3) All other creditors paid to date	Council to take up loan of R5,000,000 during 2007/08 to build new offices Council to adhere to loan agreement	Repayments to be done on schedule
	3. Reporting on income and expenditure according to RI536	The following reports were submitted monthly to Treasury, Council and Auditor –General's office. 1) Monthly budget report 2) Section 71 report 3) Income vs expenditure 4) Grant reports 5) Bank reconciliation 6) Investments 7) Top 10 debtors 8) Top 10 creditors 9) Credit control 10) Expenditure lists	Different quarrels with Treasury regarding the analysis of reports	Constant communication with especially Treasury
	4. Financial statements completion	The due date for the compilation of the 2006/07 financial statements is 30/08/2007 Our statements were completed and signed off by the Municipal Manager on 30/07/2007 The 2006/07 statements have already been submitted to the Auditor-General for auditing	Timeous inputs from donor departments, e.g. Provincial Departments	Constant communication with Provincial Departments
	5. Budget completion	The 2006/07 budget were revised twice and according to legislation approved by Council and distributed to all relevant stakeholders The 2007/08 concept budget were approved on 18/04/2007 (completed before March 2007) The final 2007/08 budget were approved on 28/05/2007	Due to implementation of GAMAP/GRAP the amount to budget for accumulated depreciation was uncertain	Constant budget control and management Regular Supply Chain Management sessions



Objective	KPI's	Achievements	Challenges	Corrective action
	6. To avoid unauthorised, irregular and fruitless expenditure	1) This exercise was rather successful during 2006/07 2) A clean audit report for the 3rd quarter of 2006/07 received 3) The categories of expenditure for 2006/07 were: a) Employee costs – 99,6% b) Councillor costs – 99,9% c) Collection costs – 105% d) Depreciation – 118% e) Repairs – 93% f) Interest – 97,5% g) Contracted services – 99,8% h) Infrastructure – 98,7% i) General – 98,2% j) Capex – 79,4% k) Contribution – 99,5% TOTAL – 98,1%		
Key Performance Area no 5 <i>Good Governance and Public Participation</i>	1. Programme for Public Participation	Only one Daff meeting took place during the year Farmer unions within the DMA were consulted at the end 2006/07 financial year regarding Property Rates Chief Financial Officer accompanied Mayoral Committee to several Council Meets the People events	Due to the involvement of the Chief Financial Officer in Renosterberg, participation on programmes for public participation was not on the desired level.	Schedule for public participation programmes for 2007/08 to be drawn up in consultation with all stakeholders
	2. District Intergovernmental Relations Forum	Section participated in following IGR meetings: 07/06/2006 12/10/2006 20/04/2007		

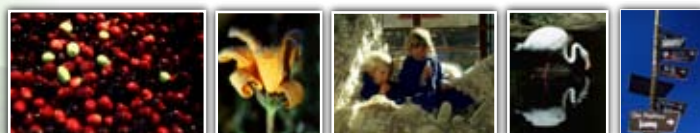


7.3 Capacity building and training

OFFICIAL	COURSE/ SEMINAR/ EVENT
BF James	VAT workshop – IMFO UNISA practical financial accounting (completed) Labour Relations Supply Chain Management – SAMDI Uppington Report writing IMFO annual conference
D Fourie	VAT workshop – IMFO UNISA practical financial accounting (completed) Report writing IMFO annual conference
ZK Mangaliso	UNISA practical accounting Ocklan Finance Management Training
N Clarkson	Levy Workgroup meeting Ocklan Finance Management Training Housing Training
N Dwane	UNISA practical accounting Ocklan Finance Management Training Housing Training
RP Appies	VAT workshop UNISA practical financial accounting (completed) Ocklan Finance Management Training
H Bossert	Ocklan Finance Management Training UNISA practical accounting
B Wessels	Ocklan Finance Management Training UNISA practical accounting

7.4 Support to Category B municipalities

OFFICIAL	CATEGORY B MUNICIPALITY	TYPE OF ASSISTANCE
BF James	Renosterberg Municipality	Chief Financial Officer
G Nieuwenhuizen	Thembelihle Municipality	Chief Financial Officer
B Wessels	Renosterberg Municipality	Salaries



Internal Audit Committee Report

I. EXECUTIVE SUMMARY

The Audit Committee was appointed by Council in terms of Section 166 of the Municipal Finance Management Act, Act no 56 of 2003. The Audit Committee was mandated, by means of an Audit Committee Charter, to execute certain responsibilities. The Charter was approved by the Executive Mayor, the Municipal Manager and the Audit Committee members, at a meeting held during October 2006.

The following members serve on the Audit Committee:

Mr S Thiso	Chair person
Ms G Goci	Member
Mr W De Bruin	Member
Ms D Fourie	Member

The members of the Audit Committee are independent from the District Municipality and written declarations of interest have been obtained to prove their independency.

During the 2006/2007 financial year, the Audit Committee held 3 meetings. The fourth compulsory meeting, as per the MFMA, will be held during September 2007, when the Internal Audit report for the quarter April to June 2007 will be discussed.

2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied, as far as possible, with its responsibility arising from Section 166 (2) of the MFMA. Their responsibility includes the following:

a) Advise the Municipal Council, the Political office-bearers, the Accounting Officer and the Management Staff on matters relating to:

- i. Internal financial control and Internal Audits
- ii. Risk management
- iii. Accounting policies
- iv. The adequacy, reliability and accuracy of financial reporting and information
- v. Performance management
- vi. Effective governance
- vii. Compliance with Legislation
- viii. Performance evaluation
- ix. Any other issues referred to it by the municipality

The Internal Audit Unit issued Internal Audit Reports to the Committee regarding the abovementioned components. Findings which were not resolved by Management were brought to the attention of the Committee. Recommendations made by the Audit Committee were implemented and reviewed by the Internal Audit Unit during follow-up procedures.

b) Review the Annual Financial Statements to provide the Council of an authoritative and credible view of the financial position of the Municipality and its overall level of compliance with Legislation.

The Committee issued a separate report to Council.

c) Respond to Council on any issues raised by the Auditor-General in the audit report.

A separate report was issued in this regard.

d) Carry out investigations into the financial affairs of the Municipality, as may be requested.

No requests for investigations were received from the Municipality.

3. RISK MANAGEMENT

The Municipality has developed and approved a Risk Management Strategy. This strategy is the foundation for a continuous risk assessment process and for managing and monitoring risk on an ongoing basis.

4. FRAUD PREVENTION PLAN AND FRAUD RESPONSE PLAN

Both documents were approved and implemented by the Municipality. It should however, be revised on an annual basis to ensure applicability.

5. INTERNAL AUDITING

During the Financial year, the Internal Audit Unit was evaluated by the Office of the Accountant-General. A report was issued and certain recommendations were made to improve the Internal Audit Service. Certain recommendations, regarding the Audit Committee, were also implemented.

The following documents were approved by the Audit Committee:

- i. The Audit Committee Charter 2006/2007
- ii. The Internal Audit Charter 2006/2007
- iii. The Risk Assessment 2006/2007
- iv. The Internal Audit Strategic Plan (3 Years)
- v. The Internal Audit Annual Plan 2006/2007

6. EXTERNAL AUDITING

The Office of the Provincial Auditor-General is responsible for the external Audit at the District Municipality. The Audit Committee Charter provides for an open communication channel between the Audit Committee and the Auditor-General. During the 2006/07 financial year, it was not



necessary for the Committee to meet separately with the Office of the Auditor-General. A member of the Auditor-General's office did attend the Audit Committee meeting held during October 2006.

7. AUDIT COMMITTEE MEETINGS

The attendance at the Audit Committee meetings was as follows:

Name	Number of meetings held during 2006/2007	Number of meetings attended
Mr S Thiso	3	3
Ms G Goci	3	2
Mr W De Bruin	3	3
Ms D Fourie	3	2

Ms D Fourie was only appointed during March 2007, and could therefore only attend two meetings.

The MFMA stipulates that no Councillor should be a member of the Audit Committee. The Executive Mayor and Mayoral

Committee members were invited to attend all the meetings as invitees.

The Municipal Manager and the Heads of Departments attended all the meetings, in order to respond on concerns raised by the Committee.

The minutes of the Audit Committee meetings were submitted to the full Council.

8. MATTERS REQUIRING SPECIFIC MENTION

The Committee noted the Auditor-General's qualified audit opinion for 2005/2006 and encouraged Management to implement corrective measures to improve on the concerns raised by the Auditor-General.

The Auditor-General's report on the Performance Management System was discussed by the Audit Committee in detail and the collective opinion was that Management should improve on the Performance Management System. The Internal Audit Unit should report on a quarterly basis on the progress made on the Municipality's Performance Management.



ANNEXURES

Audited Financial Statement

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net Assets		12,501,143.36	8,623,090.08
Government Grant Reserve		1,629,055.14	1,445,070.60
Capital Replacement Reserve		2,641,148.55	2,828,528.00
Donations and Public Contributions Reserve		-	-
Accumulated Surplus/(Accumulated Deficit)		8,230,939.67	4,349,491.48
Non-current liabilities		2,367,400.23	-
Long-term liabilities	1	2,367,400.23	-
Current liabilities		11,265,536.92	15,052,305.90
Provisions	2	-	-
Creditors	3	2,618,860.27	3,070,190.40
Unspent conditional grants and receipts	4	8,162,080.98	11,754,692.68
VAT Payable	5	-	-
Bank overdraft	15	-	-
Current portion of long-term liabilities	1	484,595.67	227,422.82
Total Net Assets and Liabilities		26,134,080.51	23,675,395.98
ASSETS			
Non-current assets		5,792,744.72	2,656,881.87
Property, plant and equipment	6	3,335,638.23	2,577,089.25
Investment Property	7	-	-
Intangible Assets	8	79,547.53	-
Investments	9	-	-
Long-term receivables	10	2,377,558.96	79,792.62
Current assets		20,341,335.79	21,018,514.11
Inventory	11	-	234,801.38
Trade Receivables	12	584,753.85	347,579.32
Receivables	13	1,065,018.71	984,875.98
VAT Receivable	5	820,787.53	368,515.21
Current portion of long-term loans	10	554,229.53	299,272.84
Call investment deposits	14	16,760,828.21	18,410,840.86
Bank balances and cash	15	555,717.96	372,628.52
Total Assets		26,134,080.51	23,675,395.98



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2007

	Note	Actual 2007 R	2006 R
REVENUE			
Regional Services Levies		1,835,208.85	9,626,603.83
Rental of facilities and equipment		95,095.54	221,130.34
Interest earned		1,510,049.03	753,553.54
Fines		-	140.00
Government grants and subsidies	16	16,168,377.00	5,144,446.00
Other income	17	5,383,127.03	3,847,473.59
Total Revenue		24,991,857.45	19,593,347.30
EXPENDITURE			
Employee related costs	18	9,182,103.31	7,948,046.44
Remuneration of Councillors	19	2,563,627.00	2,001,400.08
Bad Debts written off		580,740.15	193,334.98
Collection costs		519,901.26	663,082.09
Provision for Leave and Bad Debts		70,000.00	230,000.00
Depreciation		652,450.32	570,757.95
Repairs and maintenance		457,584.05	394,126.98
Contracted Services		569,330.91	433,368.65
Interest paid	20	261,510.94	69,442.14
Grants and subsidies paid	21	2,926,217.53	3,052,246.36
General expenses	22	4,200,087.56	2,930,686.74
Total Expenditure		21,983,553.03	18,486,492.41
NET SURPLUS/(DEFICIT) FOR THE YEAR		3,008,304.42	1,106,854.89

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



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Pre-GAMAP Old Reserves and Funds	Government Grant Reserve	Capital Replacement Reserve	Donations and Public Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R
2006						
Balance at 1 July 2005	2,828,528.00	-	-	-	1,638,127.69	4,466,655.69
Implementation of GAMAP (Note 24)	(2,828,528.00)	1,652,044.50	2,828,528.00	-	904,505.95	2,556,550.45
Restated balance	-	1,652,044.50	2,828,528.00	-	2,542,633.64	7,023,206.14
Surplus/(deficit) for the year	-	-	-	-	1,106,854.89	1,106,854.89
Appropriations for the year	-	-	-	-	493,029.05	493,029.05
Interest received	-	-	-	-	-	-
Property, Plant and Equipment purchased	-	-	-	-	-	-
Capital grants used to purchase PPE	-	-	-	-	-	-
Donated/contributed PPE	-	-	-	-	-	-
Offsetting of depreciation	-	(206,973.90)	-	-	206,973.90	-
Balance at 30 June 2006	-	1,445,070.60	2,828,528.00	-	4,349,491.48	8,623,090.08
2007						
Correction of error (Note 23)	-	-	-	-	-	-
Restated balance	-	1,445,070.60	2,828,528.00	-	4,349,491.48	8,623,090.08
Surplus/(defecit) for the year	-	-	-	-	3,008,304.42	3,008,304.42
Appropriations for the year	-	-	-	-	766,852.39	766,852.39
Interest received	-	-	102,896.47	-	-	102,896.47
Property, Plant and Equipment purchased	-	-	(290,275.92)	-	290,275.92	-
Capital grants used to purchase PPE	-	397,585.00	-	-	(397,585.00)	-
Donated/contributed PPE	-	-	-	-	-	-
Asset disposals	-	-	-	-	-	-
Offsetting of depreciation	-	(213,600.46)	-	-	213,600.46	-
Balance at 30 June 2007	-	1,629,055.14	2,641,148.55	-	8,230,939.67	12,501,143.36



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		64,179,687.52	57,287,390.97
Cash paid to suppliers and employees		65,487,203.05	54,423,964.62
Cash generated from/(utilised in) operations	25	(1,307,515.53)	2,863,426.35
Interest received		1,510,049.03	865,978.58
Interest paid		(261,510.94)	(59,884.40)
NET CASH FROM OPERATING ACTIVITIES		(58,977.44)	3,669,520.53
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,410,999.30)	(870,087.28)
Increase/(decrease) in provisions		600,184.55	491,982.26
NET CASH FROM INVESTING ACTIVITIES		(810,814.75)	(378,105.02)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(597,131.02)	(402,442.28)
Increase in consumer deposits			-
NET CASH FROM FINANCING ACTIVITIES		(597,131.02)	(402,442.28)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,466,923.21)	2,888,973.23
Cash and cash equivalents at the beginning of the year		18,783,469.38	15,894,496.15
Cash and cash equivalents at the end of the year	26	17,316,546.17	18,783,469.38

The 2005/2006 comparative balances were restated in order to provide for cash and cash equivalents to include all the call investment deposits.



ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The principal accounting policies adopted in the preparation of these financial statements are set out below. Statements prepared for the current year differ from previous years due to the formal introduction of the Generally Recognised Accounting Practice (GRAP) standards.

I. BASIS OF PREPARATION

Previously these financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1996).

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 Of 2005.

The standards are summarised as follows:

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 interest in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
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 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 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- * Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. (Paragraphs 14, 19 and 30-31)

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- * Classification, measurement and disclosure of non-current assets held for sale. [para. 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

The Minister of Finance exempted compliance with the following requirements in terms of the Government Gazette No. 30013 dated 29 June 2007.

- * GAMAP 17 - (Property, Plant and Equipment) - Review of useful life of items of Property, Plant and Equipment recognized in the annual financial statements [para. 59-61 and 77].



- Review of depreciation method applied to PPE recognized in the annual financial statements [para. 62 and 77].
- Impairment of non-cash-generating assets [para. 64-69 and 75(e)(v) - (vi)].
- Impairment of cash-generating assets [para. 63 and 75(e)(v) - (vi)].
- * IAS 36 (AC 128) - (Impairment of Assets) - Entire standard.
 - * GAMAP 12 - (Inventories) - The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.
 - * IAS 40 (AC 135) - (Investment Property) - The entire standard to the extent that the property is accounted for in terms of GAMAP 17.
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 this standard [para. 79(e)(i) - (iii)].
 - * IAS 17 (AC 105) - (Leases) - 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. (SAICA circular 12.06 para. 8-11 and para. 33, 34, 50, 51, of IAS 17/AC 105)
 - * IAS 38 (AC 129) - (Intangible Assets) - The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed.
 - * IAS 19 (AC 116) - (Employee Benefits) - 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. [para. 29, 48-119, 120A(a) - (q)]
 - * GAMAP 9 - (Revenue) - Initial measurement of fair value discounting all future receipts using an imputed rate of interest. (SA/CA circular 09/06 and para. 12)
 - * IAS 39 (AC 133) - (Financial Instruments : Recognition and Measurement) - Initially measuring financial assets and financial liabilities at fair value. (SA/CA circular 09/06, para. 43, AG 79, AG 64 and AG 65 of IAS 39 / AC 133)
 - * IFRS 7 (AC 144) - (Financial Instruments : Disclosures) - 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.
 - * IAS 14 (AC 115) - (Segment Reporting) - Entire Standard.
 - * IFRS 8 (AC 145) - (Operating Segments) - Entire Standard.
 - * IAS 11 (AC 109) - (Construction Contracts) - Entire Standard.
 - * IFRS 3 (AC 140) - (Business Combinations) - Entire Standard.
 - * IAS 20 (AC 134) - (Accounting for Government Grants and disclosure of government assistance) - Entire Standard excluding para. 24 and 26, replaced by para. 08 of GAMAP 17 and para. 42 - 46 of GAMAP 9.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

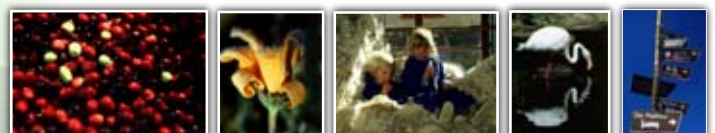
3. GOING CONCERN ASSUMPTION

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

4. RESERVES

4.1 Government Grant Reserve

All Government Grant Reserves received for the financing of property, plant and equipment is deposited into the Government Grant Reserve bank account. When items of property, plant and equipment are financed



from government grants, it is done against the Government Grant Reserve bank account. When such items of property, grant and equipment are depreciated, it is done against the accumulated surplus/(deficit) in the Statement of Financial Performance. 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.

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/(deficit).

4.2 Capital Replacement Reserve

This fund was previously reported as the Capital Development Fund. With the implementation of GAMAP/GRAP it changed to the Capital Replacement Grant with the same intention that was to finance future items of Property, Plant and Equipment.

When items of property, plant and equipment are financed using the CRR cash resources a corresponding transfer is made from the CRR bank account to the accumulated surplus/ (deficit) in the Statement of Financial Performance as income. The expense of these items is done against the accumulated surplus/(deficit) in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, it is done against the the accumulated surplus/(deficit) in the Statement of Financial Performance. 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 this items of property, plant and equipment.

When an item of property, plant and equipment financed from the CRR is disposed, the amount received for that item, if any, is transferred to the CRR bank account.

4.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from donations and public contributions, a transfer is made from the donations and public contributions bank account to the donations and public contributions reserve equal to the amount used for property, plant and equipment. When such items of property, plant and equipment are depreciated it is done against the accumulated surplus/(deficit) in the Statement of Financial Performance.

5. FINANCIAL INSTRUMENTS

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when it is extinguished.

6. LEASES

Amounts held under finance leases are initially recognised as assets of the municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense in the Statement of Financial Performance.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation.

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



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

7.1 Depreciation

Previously no depreciation was calculated and PPE was stated at cost less Loans Redeemed and other capital receipts. From this financial year, depreciation is calculated on cost, using the straight-line method. The annual depreciation rates are based on the following estimated asset lives:-

	Years
Community Protection Services	5
Other	
Land and Buildings	30
Office equipment	3 - 7
Vehicles	5

7.2 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) - (iii)]

7.3 Intangible Assets

Intangible assets are treated in accordance with the provisions of International Accounting Standard (IAS 38). In accordance with these provisions, intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of the municipality are amortised according to the straight line method.

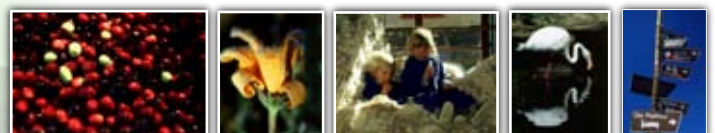
7.4 Impairment of Assets

At each Statement of Financial Position date, the municipality reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life are not subjected to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

Where the carrying amount of assets are greater than the estimated recoverable amount, it will



be written down to its recoverable amount and an impairment loss charged to the Statement of Financial Performance.

The Minister of Finance has, in terms of General Notice 522 of 2007, exempted compliance with AC 128 (Impairment of Assets) in its entirety.

8. INVESTMENTS

Fixed deposits and short-term deposits are invested in registered commercial banks and are stated at cost. 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.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. The basis of determining cost is the first-in, first-out (FIFO) method.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. Estimates is made for levy payer accounts that did not declare their actual figures. Bad debts are written off during the year in the statement of financial performance. Previously bad debts was written of against the provision for bad debts.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end.

11. TRADE CREDITORS

Trade creditors are stated at their normal value.

12. REVENUE RECOGNITION

District Council Levies are based on declarations made by the levy payer and are usually payable one month in arrears. Revenue will be recognised in accordance with the general recognition criteria on the due date based on actual declarations received, together with an estimate of levies payable where a levy payer has not submitted a declaration.

Levies were abolished on 30 June 2006. The municipality still receive levy income by converting all provisional levies into actuals and then collecting the outstanding debt on the amount.

Interest and rentals of facilities and equipment are recognised on a time proportion basis.

External Interest Received are interest received on investments. External interest received are recognized in the statement of financial performance and no direct allocation are made to the reserves.

In the case of interest earned on unspent conditional grants, the interest may be allocated to the unspent conditional grant, only if it is a condition of the grant.

No internal interest are allowed anymore.

Interest on outstanding levy debtors are recognized in the statement of financial performance when received. A collection charge were paid to the debt collectors at a rate of 10% of the amount collected.

Revenue from the sale of goods is recognised when all the following conditions has been met.

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.



- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

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

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 No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Payments received in advance are shown as creditors in the statement of financial position at year end.

13. 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.

Revenue received from conditional grants, donations and funding are received in a separate bank account. Expenditure were done against these accounts and the balance on the 30 June are stated as unspent conditional grants in the annual financial statements.

13.1 Unspent Conditional Grants

Unspent conditional grants are reflected on the Statement of Financial Position under Current Liabilities. It was previously reported as Reserves under Funds and Reserves on the face of the Balance Sheet.

- The balance of the unspent conditional grants are separately invested.
- Interest earned on the investments is treated in accordance with the grant conditions. If it is payable to the funder, it is recorded as part of the unspent conditional grant. If it is not a condition, interest is recognised as interest earned in the Statement of Financial Performance of the municipality.

14. PROVISIONS

Provisions are made to provide for obligations that are known at the time of the balance sheet, but of which the contribution to the provision are not certain at that stage. Annual contributions to these funds are made from the operating account.

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

Provisions are only been used for the purpose for which it was originally recognised.

15. 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.

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

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



16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government 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.

17. 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.

18. 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.

19. COMPARITIVE INFORMATION

19.1 Current year comparatives:-

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

19.2 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.

20. RETIREMENT BENEFITS

Pension Obligations

The Council and its employees contributes to the Cape Joint Pension Fund. This fund provides retirement benefits to the employees. The Council and employees can also contributes to the Cape Joint Retirement Fund or the SAMWU Retirement Fund.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in services for a specific period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

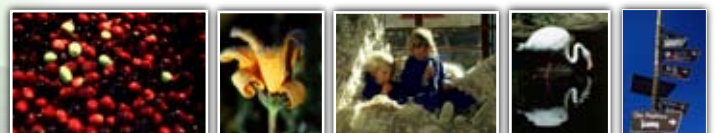


Post Retirement Medical Obligations

The municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for

defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to 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© (q)]



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1. LONG-TERM LIABILITIES		
Annuity Loans	-	227,422.82
Government Loans : Other	2,851,995.90	-
Sub-total	2,851,995.90	227,422.82
Less: Current portion transferred to current liabilities	484,595.67	227,422.82
Annuity Loans	-	227,422.82
Government Loans	484,595.67	-
Total External Loans	2,367,400.23	-
Refer to Appendix A for more detail on long-term liabilities.		
2. PROVISIONS		
Total Provisions	-	-
3. CREDITORS		
Provision for leave payments	1,340,296.72	610,370.22
Trade creditors	402,726.35	131,406.77
RSC Payments received in advance	232,982.49	250,881.54
Funds received and not yet spend	223,793.75	64,004.33
Control Accounts	33,500.00	435,012.36
Advances from	385,560.96	1,578,515.18
Total Creditors	2,618,860.27	3,070,190.40
4. UNSPEND CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government	8,162,080.98	11,754,692.68
Powerline Subsidies	243,650.95	1,560,139.90
Grant : MIG	3,629,227.18	273,439.31
Grant : RDP	5,397.88	53,397.88
Drought Relief Subsidy	17,090.90	127,951.10
EPWP	-	52,936.75
Middelburg Road	-	666,100.61
Main Road 803 & 809	-	2,043,202.61
Flood Damage	1,453,259.49	3,980,087.46
Sanitation	1,238,484.77	2,997,437.06
DGDS	215,184.06	-
MSIG	400,000.00	-
Fire Fighting Equipment	328,415.00	-
Housing	631,370.75	-
Total Conditional Grants and Receipts	8,162,080.98	11,754,692.68



See note 16 for reconciliation of grants from National/Provincial Government.
These amounts are invested in a ring-fenced investment until utilized.

5. VAT

VAT payable/receivable	<u>820,787.53</u>	<u>368,515.21</u>
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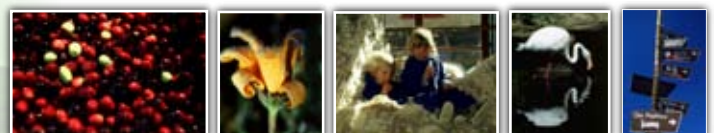
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS

6. PROPERTY, PLANT AND EQUIPMENT

30 Junie 2007

	Land and Buildings	Furniture and Equipment	Council Vehicles	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2006	398,160.01	252,229.36	403,688.78	1,523,011.10	2,577,089.25
Cost	1,706,400.00	910,613.26	1,050,483.34	2,552,170.48	6,219,667.08
Correction of error (note 27)	-	-	-	-	-
Accumulated depreciation	(1,308,239.99)	(658,383.90)	(646,794.56)	(1,029,159.38)	(3,642,577.83)
Acquisitions	-	127,138.37	886,275.94	397,585.00	1,410,999.31
Capital under Construction	-	-	-	-	-
Depreciation	(56,880.00)	(87,176.71)	(265,012.66)	(243,380.96)	(652,450.33)
Carrying value of disposals	-	-	-	-	-
Cost/revaluation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Impairment losses					
Other movements					
Carrying values at 30 June 2007	341,280.01	292,191.02	1,024,952.06	1,677,215.14	3,335,638.23
Cost	1,706,400.00	1,037,751.63	1,936,759.28	2,949,755.48	7,630,666.39
Accumulated depreciation	(1,365,119.99)	(745,560.61)	(911,807.22)	(1,272,540.34)	(4,295,028.16)

Refer to Appendix B for more detail on property, plant and equipment.



30 Junie 2006

	Land and Buildings R	Furniture and Equipment R	Council Vehicles R	Other R	Total R
Carrying values at 1 July 2005	455,040.02	167,018.96	612,524.23	951,480.00	2,186,063.21
Cost	1,706,400.00	766,525.98	1,050,483.34	1,826,170.48	5,349,579.80
Accumulated depreciation	(1,251,359.98)	(599,507.02)	(437,959.11) #	(874,690.48)	(3,163,516.59)
Acquisitions	-	144,087.28	-	726,000.00	870,087.28
Capital under Construction	-	-	-	-	-
Depreciation	(56,880.01)	(77,974.60)	(199,149.01)	(236,754.34)	(570,757.96)
Carrying value of disposals	-	-	-	-	-
Cost/revaluation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Other movements	-	-	-	-	-
Carrying values at 30 June 2006	398,160.01	252,229.36	403,688.78	1,523,011.10	2,577,089.25
Cost	1,706,400.00	910,613.26	1,050,483.34	2,552,170.48	6,219,667.08
Correction of error (note 27)	-	-	-	-	-
Accumulated depreciation	(1,308,239.99)	(658,383.90)	(646,794.56)	(1,029,159.38)	(3,642,577.83)



6.1 Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007:-

- Property, Plant and Equipment (GAMAP 17). Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59 - 61 and 77]
- Property, Plant and Equipment (GAMAP 17). Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17). Impairment of non-cash generating assets. [Paragraphs 64-69 and 75 (e)(v) - (vi)]
- Impairment of Assets (AC 128) Entire Standard.
- the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) - (iii)]
- cost (AC 432) and all other costs were expensed.
- 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]

6.2 Transitional Provisions

Treasury’s Guidelines as per MFMA Circular No.18 dated 23 June 2005, which state that it is paramount to prepare a process map to obtain infrastructure asset information over a number of years. The municipality will appoint a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage assets during the next three years. It is expected that an assessment of impairments will be done by 30 June 2009.

6.3 Commitments

and Equipment. This is a capital layout which will be incurred in the next financial year according to contractual agreements (building of new offices).

7. INVESTMENT PROPERTY

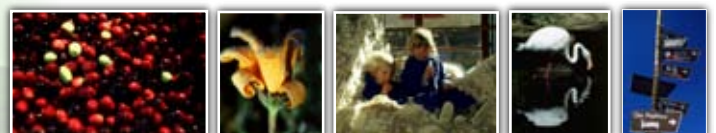
Cost

Less: Accumulated Depreciation

Total Investment Properties

	_____	_____
	-	-
	=====	=====

Investment property are identified. At this stage it is included in the total of property, plant and equipment. A fair value will be calculated and the financial statements will be adapted for the 2007/2008 financial year.



8. INTANGIBLE ASSETS

Cost	79,547.53	-
Balance 1 July 2006	-	-
Acquisitions for the year - At cost	79,547.53	-
Less: Accumulated Amortisation	-	-
Balance 1 July 2006	-	-
Amortisation for the year	-	-
Total Intangible Assets	79,547.53	-

Council design and develop a website during the 2006/2007 financial year.
The website went first online at year-end therefore no amortisation for this financial year.

9. INVESTMENTS

Fixed Deposits	-	-
Pledged Investments	-	-

10. LONG-TERM RECEIVABLES

Infrastructure Category B Municipalities	2,851,995.90	206,883.89
Car loans	79,792.59	172,181.57
	<u>2,931,788.49</u>	<u>379,065.46</u>
Less: Current portion transferred to current receivables	554,229.53	299,272.84
Car loans	69,633.86	92,388.95
Infrastructure Category B Municipalities	484,595.67	206,883.89
Total	<u>2,377,558.96</u>	<u>79,792.62</u>

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2008.

11. INVENTORY

Consumable stores	-	234,801.38
Total Inventory	-	<u>234,801.38</u>

Inventory represent only consumables. There are no other materials in the store.

12. TRADE RECEIVABLES

Regional Service Levies	706,853.64	486,842.42
Less: Provision for bad debts	(122,099.79)	(139,263.10)
Total	<u>584,753.85</u>	<u>347,579.32</u>
Levies : Ageing		
Current (0 - 30 days)	56,527.04	-
31 - 60 days	31,291.48	31,981.50
61 - 90 days	32,511.82	18,737.35
91 - 120 days	152,819.02	55,581.23
+ 121 days	433,704.28	380,542.34
Total	<u>706,853.64</u>	<u>486,842.42</u>



**Summary of Debtors by classification
30 June 2007**

	Farmers R	Industrial/ Commercial R	National and Provincial R
Current (0 - 30 days)	25,793.29	30,111.95	621.80
31 - 60 days	14,278.30	16,668.97	344.21
61 - 90 days	14,835.14	17,319.05	357.63
91 - 120 days	69,731.32	81,406.69	1,681.01
+ 121 days	197,899.26	231,034.27	4,770.75
Sub-total	<u>322,537.31</u>	<u>376,540.93</u>	<u>7,775.40</u>
Less: Provision for bad debts	- 55,714.13	- 65,042.56	- 1,343.10
Total debtors by classification	<u>266,823.18</u>	<u>311,498.37</u>	<u>6,432.30</u>

**Summary of Debtors by classification
30 June 2006**

	Farmers R	Industrial/ Commercial R	National and Provincial R
Current (0 - 30 days)	-	-	-
31 - 60 days	14,593.16	17,036.54	351.80
61 - 90 days	8,549.85	9,981.39	206.11
91 - 120 days	25,361.72	29,608.12	611.39
+ 121 days	173,641.47	202,714.90	4,185.97
Sub-total	<u>222,146.20</u>	<u>259,340.95</u>	<u>5,355.27</u>
Less: Provision for bad debts	(63,545.76)	(74,185.45)	(1,531.89)
Total debtors by classification	<u>158,600.44</u>	<u>185,155.50</u>	<u>3,823.38</u>

Reconciliation of the bad debt provision

Balance at the beginning of the year	139,263.10	98,996.15
Contributions to provision	28,892.70	40,266.95
Bad debts written off against provision	(46,056.01)	-
Reversal of provision	-	-
Balance at the end of the year	<u>122,099.79</u>	<u>139,263.10</u>

13. RECEIVABLES

Sundries	384,585.10	243,845.46
Control Accounts	680,433.61	741,030.52
Total Other Debtors	<u>1,065,018.71</u>	<u>984,875.98</u>

14. CALL INVESTMENT DEPOSITS

Other Deposits	<u>16,760,828.21</u>	<u>18,410,840.86</u>
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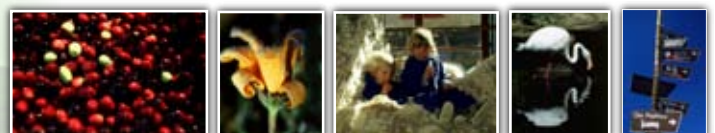
15. BANK BALANCES AND CASH

The Municipality has the following bank accounts:-

Current Account (Primary Bank Account)

ABSA Bank - De Aar Branch
Account Number 1850000197

Cash book balance at beginning of year	<u>372,529.00</u>	<u>651,738.00</u>
Cash book balance at end of year	<u>555,617.96</u>	<u>372,528.52</u>
Bank statement balance at beginning of year	<u>311,313.16</u>	<u>743,360.46</u>
Bank statement balance at end of year	<u>1,080,247.73</u>	<u>311,313.16</u>
Petty Cash	<u>100.00</u>	<u>100.00</u>



16. GOVERNMENT GRANTS AND SUBSIDIES

Grant : Equitable Share	2,985,607.00	2,830,446.00
Grant : Levy Replacement	10,777,000.64	-
Grant : Councillor Remuneration	884,184.36	-
Grant : FMG	500,000.00	1,000,000.00
Grant : NEAR	588,000.00	588,000.00
Grant : Fire Fighting Equipment	397,585.00	726,000.00
Grant : Environmental Health	36,000.00	-
	16,168,377.00	5,144,446.00
Grant : MSIG (PIMS)	1,000,000.00	1,000,000.00
Grant : Roadworks	16,069,943.43	15,301,396.00
Total Government Grants and Subsidies	33,238,320.43	21,445,842.00

16.1 Equitable Share

This grant is used to assist municipalities to provide basic infrastructure and services.

16.2 Levy Replacement Grant

The purpose of this grant is to provide for the lost of income with the abolishment of the RSC levies.

16.3 Councillor Remuneration

To assist municipalities with the expenditure of full time councillors.

16.4 FMG (Finance Management Grant)

Balance unspent at beginning of year	-	-
Current year receipts	500,000.00	1,000,000.00
Conditions met - transferred to revenue	(500,000.00)	(1,000,000.00)
Conditions still to be met	-	-

This grant was used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.

16.5 NEAR Grant

Balance unspent at beginning of year	-	-
Current year receipts	588,000.00	588,000.00
Conditions met - transferred to revenue	(588,000.00)	(588,000.00)
Conditions still to be met	-	-

This grant was used to maintain effective functioning of the NEAR control centre and provide additional funds for the training of NEAR personnel.

16.6 Fire Fighting Equipment

Balance unspent at beginning of year	-	-
Current year receipts	726,000.00	726,000.00
Conditions met - transferred to revenue	(397,585.00)	(726,000.00)
Conditions still to be met	328,415.00	-

To enhance the municipalities capacity to deal with fire hazards.



16.7 Environmental Health

Balance unspent at beginning of year	-	-
Current year receipts	36,000.00	-
Conditions met - transferred to revenue	(36,000.00)	-
Conditions still to be met	-	-

To enhance the municipality to provide a environmental health function in the district.

16.8 MSIG (Municipal Systems Improvement Grant)

Balance unspent at beginning of year	-	-
Current year receipts	1,000,000.00	1,000,000.00
Conditions met - transferred to revenue	(1,000,000.00)	(1,000,000.00)
Conditions still to be met	-	-

To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act, 2000.

16.9 Roadworks

Balance unspent at beginning of year	52,767.43	(1,619,205.19)
Acquisitions	309,411.08	(1,292,658.03)
Current year receipts	19,754,888.90	15,301,396.00
Conditions met - transferred to revenue	(19,717,885.44)	(12,336,765.35)
Conditions still to be met	399,181.97	52,767.43

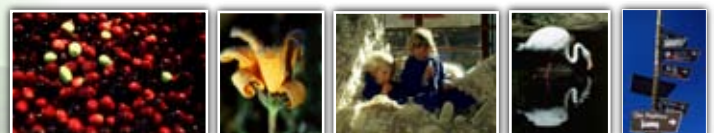
To maintain the infrastructure of the roads network in the municipal area.

16.10 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act of 2007, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

17. OTHER INCOME

Income from Investments	624,401.37	-
Money Various	219,468.39	7,718.03
Seta Claims	102,111.00	217,693.60
Administration Cost (Roads)	1,427,168.43	1,422,026.07
Administration Cost (MIG)	1,702,000.00	1,131,000.00
Umsobomvu Youth	150,000.00	-
Income from Insurance Claim	24,164.60	-
VAT - Additional Claim	485,586.16	-
Rental - Vostersdam	8,227.08	6,047.95
Interest DWAF	-	8,987.94
Contribution from D M (Internal Audit)	-	554,000.00
Contribution from Municipalities (Internal Audit)	640,000.00	500,000.00
Total	5,383,127.03	3,847,473.59



18. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	6,415,759.36	5,285,292.07
Employee related costs - Social contributions	1,392,877.60	1,212,408.45
Bonusses	454,198.01	389,242.01
Car allowances	630,116.14	624,132.21
Housing benefits	80,763.20	90,031.20
Overtime	137,390.72	100,538.83
Other employee related costs	70,998.28	246,401.67
Total Employee Related Costs	9,182,103.31	7,948,046.44

Remuneration of the Municipal Manager

Annual Remuneration	534,380.02	395,911.32
Housing subsidy	5,623.00	7,452.00
Bonus	37,540.13	32,948.31
Car Allowance	92,612.54	84,000.00
Pension contributions	81,424.04	71,168.40
UIF	1,399.44	1,060.32
Total	752,979.17	592,540.35

Remuneration of the Chief Finance Officer

Annual Remuneration	444,378.41	353,814.00
Housing subsidy	-	7,452.00
Bonus	32,518.42	28,626.00
Car Allowance	84,000.00	133,500.00
Medical contributions	19,497.60	-
Pension contributions	70,634.71	-
UIF	1,399.44	1,060.32
Total	652,428.58	524,452.32

Remuneration of the Chief Internal Auditor

Annual Remuneration	418,374.63	291,203.40
Housing subsidy	-	7,452.00
Bonus	31,893.44	16,969.00
Car Allowance	84,000.00	84,000.00
Medical contributions	29,901.60	26,116.80
Pension contributions	69,152.99	36,653.04
UIF	1,399.44	1,060.32
Total	634,722.10	463,454.56

Remuneration of the Acting Chief Technical Services

Annual Remuneration	341,997.07	219,535.33
Housing subsidy	5,658.00	7,452.00
Bonus	25,698.09	18,642.01
Car Allowance	144,000.00	111,122.70
Medical contributions	21,494.40	25,149.60
Pension contributions	55,772.71	39,764.22
UIF	1,399.44	1,060.32
Total	596,019.71	422,726.18

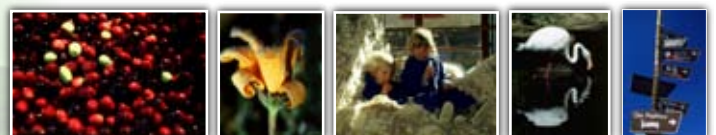


Remuneration of the Planner PIMS

Annual Remuneration	428,383.00	355,908.00
Bonus	33,325.00	29,659.00
Car Allowance	60,000.00	-
UIF	1,399.44	1,060.32
Total	523,107.44	386,627.32

Remuneration of the Chief Corporate Services

Annual Remuneration	363,717.28	193,339.40
Housing subsidy	454.00	7,452.00
Bonus	27,467.00	15,251.00
Car Allowance	144,000.00	130,750.00
Pension contributions	59,687.74	32,942.16
UIF	1,399.44	1,060.32
Total	596,725.46	380,794.88



19. REMUNERATION OF COUNCILLORS

Executive Mayor	334,019.96	204,497.22
Speaker	266,606.10	170,959.49
Members of the Mayoral Committee	686,628.02	448,291.41
Councillors	506,889.45	472,486.01
Housing	-	187,628.05
Travelling allowances	637,492.64	324,190.82
Medical contributions	2,028.00	37,914.39
Pension contributions	129,962.83	140,587.52
Facility allowances	-	14,845.17
Total	<u>2,563,627.00</u>	<u>2,001,400.08</u>

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, Speaker and members of the Council has use of Council owned vehicles for official duties.

20. INTEREST PAID

Long-term liabilities	257,818.47	59,884.40
Bank overdraft	3,692.47	9,557.74
Total Interest on External Borrowings	<u>261,510.94</u>	<u>69,442.14</u>

21. GRANTS AND SUBSIDIES PAID

To IDP Projects	2,719,333.64	2,649,804.08
Infrastructure paid to Category B Municipality (Redemption)	206,883.89	402,442.28
Total Grants and Subsidies paid	<u>2,926,217.53</u>	<u>3,052,246.36</u>

22. GENERAL EXPENSES

Total General Expenses	<u>4,200,087.56</u>	<u>2,930,686.74</u>
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Included in the total general expenses are the following major expenses more than R150 000,00:-

Consulting Cost	622,420.33	403,967.96
Training	321,732.52	-
Audit Cost	489,887.02	200,324.71
Collection Fees	-	663,082.09
Travel and Subsistence	821,506.66	544,045.99
Telephone	499,547.47	461,260.44
Insurance General	179,089.63	-
	<u>2,934,183.63</u>	<u>2,272,681.19</u>

23. CORRECTION OF ERROR IN ACCORDANCE WITH GRAP 3

24. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP/GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of Gamap 17 (Property, Plant & Equipment), in accordance with GRAP 3.

24.1 Statutory Funds

Balance previously reported:-

Capital Development Fund (See accounting policy para. 4.2)	1,760,851.71	1,635,266.55
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Implementation of GAMAP/GRAP:-

Transfer to Capital Replacement Reserve	1,760,851.71	1,635,266.55
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24.2 Loans redeemed and other capital receipts

Balance previously reported:-

	6,199,128.14	5,292,910.73
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Implementation of GAMAP/GRAP:-

Transfer to accumulated depreciation (See accounting policy para. 7.1)	3,642,577.83	3,069,732.86
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Transfer to accumulated surplus/(deficit) (see note 24.5)	2,556,550.31	2,223,177.87
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Total	6,199,128.14	5,292,910.73
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24.3 Provisions and Reserves

Balance previously reported:-

Powerline Subsidy	1,560,139.90	1,461,277.71
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MIG	273,439.31	4,018,309.67
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RDP	53,397.88	133,397.88
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Drought Relief	127,951.10	578,492.15
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Surplus Funds	1,067,676.29	867,797.47
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EPWP	52,936.75	3,876,965.95
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Middelburg Road	666,100.61	3,572,175.60
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Main Road 803 & 809	2,043,202.61	-
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Flood Damage	3,980,087.46	-
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Sanitation	2,997,437.06	-
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Total	12,822,368.97	14,508,416.43
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Implementation of GAMAP/GRAP:- (See accounting policy para. 13.1)

Transfer to unspent conditional grants and receipts		13,640,618.96
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11,754,692.68

Transfer to Capital Replacement Reserve	1,067,676.29	867,797.47
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Total	12,822,368.97	14,508,416.43
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24.5 Accumulated Surplus/(Deficit)

Transferred from loans redeemed and other capital receipts (note 24.2)	(2,556,550.31)	(2,223,177.87)
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Total	(2,556,550.31)	(2,223,177.87)
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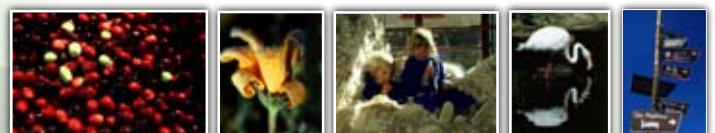
24.6 Provision for bad debts

Balance previously reported:-

Provision for bad debts (fund)	20,000.00	-
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Implementation of GAMAP/GRAP:- (See accounting policy para. 10)

Provision for bad debts (I/E)	20,000.00	-
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25. CASH GENERATED BY OPERATIONS

Net surplus for the year	2,563,003.74	3,334,849.24
Adjustment for:-		
Depreciation	652,450.32	906,217.41
Decrease in accumulated funds	(187,379.45)	125,585.16
Interest received	(1,462,699.53)	(865,978.58)
Interest paid	11,700.19	59,884.40
Operating surplus before working capital changes:	1,577,075.27	3,560,557.63
(Increase)/Decrease in inventories	234,801.38	49,924.52
(Increase)/Decrease in debtors	(501,712.09)	2,343,041.72
Increase/(Decrease) in conditional grants and receipts	(3,592,611.70)	(1,686,047.46)
(Increase)/Decrease in investments	1,650,012.65	(1,864,707.11)
Increase/(Decrease) in creditors	(1,247,250.49)	460,657.05
Cash generated by/(utilised in) operations	(1,879,684.98)	2,863,426.35



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	555,717.96	372,628.52
Bank overdraft	-	-
Call investment deposits	16,760,828.21	18,410,840.86
Total cash and cash equivalents	17,316,546.17	18,783,469.38

27. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see note 1)	2,851,995.90	227,422.82
Used to finance property, plant and equipment	-	-
Sub-total	2,851,995.90	227,422.82
Cash set aside for the repayment of long-term liabilities	-	227,422.82
Cash invested for repayment of long-term liabilities	2,851,995.90	-

External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that external loans can be repaid on redemption date.

28. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

28.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Municipal Manager

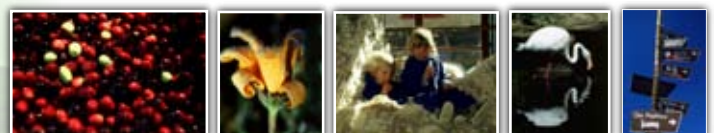
Opening balance	1,473.67	-
Unauthorised expenditure current year	-	1,473.67
Approved by Council BMK 2006-08-24 (7.1.1.22)	(1,473.67)	-
Unauthorised expenditure awaiting authorization	-	1,473.67

Disaster Management

Opening balance	62,960.41	143,886.21
Unauthorised expenditure current year	-	62,960.41
Approved by Council BMK 2006-08-24 (7.1.1.22)	(62,960.41)	(143,886.21)
Unauthorised expenditure awaiting authorization	-	62,960.41

Levies

Opening balance	48,493.74	-
Unauthorised expenditure current year	-	48,493.74
Approved by Council BMK 2006-08-24 (7.1.1.22)	(48,493.74)	-
Unauthorised expenditure awaiting authorization	-	48,493.74



Council Expenses

Opening balance	15,394.38	17,477.33
Unauthorised expenditure current year	-	15,394.38
Approved by Council BMK 2006-08-24 (7.1.1.22)	<u>(15,394.38)</u>	<u>(17,477.33)</u>
Unauthorised expenditure awaiting authorization	<u>-</u>	<u>15,394.38</u>

Incidents

Unbudgeted expenditure

Steps taken

Expenditure approved by Council

28.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	<u>-</u>	<u>-</u>
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident

None

Disciplinary steps/criminal proceedings

None

28.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure current year	-	200,000.00
Condoned or written off by Council	-	(200,000.00)
Transfer to receivables for recovery - not condoned	<u>-</u>	<u>-</u>
Irregular expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident

Cheque fraud against the Council. Reported to the SAPD (case no. MAS 125/05/06), as well as to ABSA Bank (no. 42809) and to the insurers (no. LA06BL220).



29. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

29.1 Contributions to SALGA

Opening balance	-	-
Council subscriptions	35,769.78	39,625.20
Amount paid - current year	(35,769.78)	(39,625.20)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

29.2 Audit fees

Opening balance	-	-
Current year audit fee	489,887.02	50,528.05
Amount paid - current year	(489,887.02)	(50,528.05)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

29.3 VAT

VAT inputs receivables and VAT outputs receivables are calculated. All VAT returns have been submitted by the due date throughout the year.

29.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	2,773,296.30	2,548,082.00
Amount paid - current year	(2,773,296.30)	(2,548,082.00)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

29.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	3,013,288.40	2,163,805.21
Amount paid - current year	(3,013,288.40)	(2,163,805.21)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

29.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at:-

30 June 2007

	Total	Outstanding less than 90 days	Outstanding more than 90 days
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-



30 June 2006

	Total	Outstanding less than 90 days	Outstanding more than 90 days
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-

29.7 Non-compliance with chapter 11 of the MFMA

Fully compliant

30. IDP PAYMENTS

HIV Special Project	8,096.09	454,514.25
Service of Erven Siyathemba Municipality	307,017.54	-
Crime Prevention	19,220.00	23,725.00
D M A Area	109,500.00	101,850.00
Gender	31,000.00	54,458.00
HIV/AIDS	93,578.13	22,480.00
Innovative Fund	494,150.79	565,004.81
L E D	379,598.00	247,936.40
Tourism	206,267.71	265,504.40
Youth	42,143.42	38,515.43
Internal Oudit	-	490,000.00
PIMS Operational Centre	400,000.00	359,000.00
Noupoort Electricity	329,449.19	-
Disability Programmes	17,224.00	500.00
Cleaning Projects	14,508.77	26,315.79
	2,451,753.64	2,649,804.08

This expenditure will be financed from:-

Equitable Share	2,451,753.64	2,649,804.08
	2,451,753.64	2,649,804.08



31. RETIREMENT BENEFIT INFORMATION

Most employees belong to the Cape Joint Pension or Retirement Fund. Employees can also belong to the SAMWU retirement fund. These funds are subject to a triennial actuarial valuation.

32. CONTINGENT LIABILITY

The Municipality is not being sued by anybody and there are no outstanding legal actions against the Municipality.

33. CONTINGENT ASSETS

The Municipality has no contingent assets.

34. IN-KIND DONATIONS AND ASSISTANCE

The Municipality received no in-kind donations.

35. FINANCIAL RISK MANAGEMENT

The activities of the municipality exposed it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(i) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(ii) Interest Rate Risk

The municipality is mainly exposed to interest rate risk due to the movements in long-term debt and short-term interest rates. The risk is managed on an ongoing basis.

(iii) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government.

(iv) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

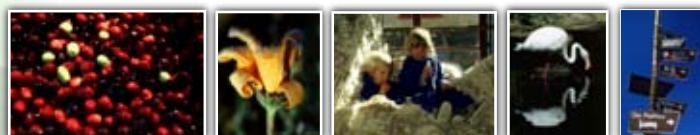
The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

36. EVENTS AFTER REPORTING DATE

None

37. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).



APPENDIX A
PIXLEY KA SEME DISTRICT MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2006	Received during the period	Redeemed written off during the period	Balance at 30/06/2007	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS								
ABSA Bank @ 18.0%	1	2006/12/31	20,538.93	-	20,538.93	-	122,000.00	-
ABSA Bank @ 11.5%	2	2006/12/31	206,883.89	-	206,883.89	-	-	-
DBSA Bank @ 9.89%	3	2012/03/31	-	3,160,121.45	308,125.55	2,851,995.90	-	-
Total long-term loans			227,422.82	3,160,121.45	535,548.37	2,851,995.90	122,000.00	-
TOTAL EXTERNAL LOANS			227,422.82	3,160,121.45	535,548.37	2,851,995.90	122,000.00	-

APPENDIX B
PIXLEY KA SEME DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost				Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions	Under Construction	Closing Balance	Disposals	Opening Balance	Additions		Closing Balance
Land and Buildings	1,706,400.00	-	-	1,706,400.00	-	1,308,239.99	56,880.00	1,365,119.99	341,280.01
Furniture and Fittings	70,166.72	3,333.33	-	73,500.05	-	42,383.13	6,494.36	48,877.49	24,622.56
Office Equipment	840,446.54	123,805.04	-	964,251.58	-	616,000.77	80,682.35	696,683.12	267,568.46
Council Vehicles	1,050,483.34	886,275.93	-	1,936,759.27	-	646,794.56	265,012.66	911,807.22	1,024,952.05
Protection Services	2,069,739.00	397,585.00	-	2,467,324.00	-	624,668.40	213,600.46	838,268.86	1,629,055.14
Plant and Equipment	482,431.48	-	-	482,431.48	-	404,490.97	29,780.49	434,271.46	48,160.02
Housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	6,219,667.08	1,410,999.30	-	7,630,666.38	-	3,642,577.82	652,450.32	4,295,028.14	3,335,638.24

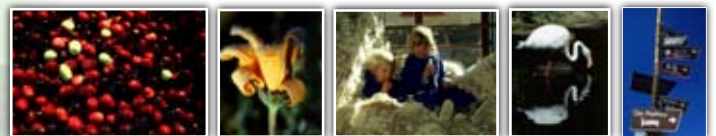


**APPENDIX C
PIXLEY KA SEME DISTRICT MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT 30 JUNE 2007**

	Cost					Accumulated Depreciation			Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Administration	6,219,667.08	1,410,999.30	-	-	7,630,666.38	3,642,577.82	652,450.32	-	4,295,028.14	3,335,638.24
Total	6,219,667.08	1,410,999.30	-	-	7,630,666.38	3,642,577.82	652,450.32	-	4,295,028.14	3,335,638.24

**APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007**

	2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)	2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)
	R	R	R	R	R	R
	3,180,009.53	6,001,108.70	-2,821,099.17	17,362,362.81	8,857,080.36	8,505,282.45
Administration	1,131,000.00	1,287,375.00	-156,375.00	1,852,000.00	2,141,507.06	-289,507.06
Development and Infrastructure	-	232,003.18	-232,003.18	36,000.00	20,972.48	15,027.52
Environmental Health	9,626,603.83	1,555,493.74	8,071,110.09	-	-	-
Levies	1,002,300.00	989,278.88	13,021.12	640,000.00	1,486,116.48	-846,116.48
Administration & Finance	8,987.94	3,033,394.38	-3,024,406.44	884,184.36	3,943,180.90	-3,058,996.54
Internal Audit	-	775,473.67	-775,473.67	-	1,110,573.52	-1,110,573.52
Council Expenses	3,330,446.00	3,067,356.04	263,089.96	3,231,725.28	3,182,187.57	49,537.71
Municipal Manager	1,314,000.00	2,022,960.41	-708,960.41	985,585.00	1,241,934.66	-256,349.66
ID P						
Protection Services						
Sub Total	19,593,347.30	18,964,444.00	628,903.30	24,991,857.45	21,983,553.03	3,008,304.42
Total	19,593,347.30	18,964,444.00	628,903.30	24,991,857.45	21,983,553.03	3,008,304.42



APPENDIX E(1) - Unaudited Information

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007	2007	2007	2007	Explanation of Significant Variances
	Actual	Budget	Variance	Variance	greater than 10% versus Budget
REVENUE	R	R	R	%	
Administration Cost	1,427,168.43	1,409,000.00	18,168.43	1	
MIG Administration Cost	1,702,000.00	1,702,000.00	-	0	
Regional Services Levies	1,835,208.85	500,000.00	1,335,208.85	267	Provisional levies made actual and the amount not paid is included in the debtots.
Interest earned - Bank Account	37,968.20	28,000.00	9,968.20	36	Management of cash resulted in a positive bankbalance for a longer period.
Interest earned - External Investments	1,461,960.14	1,082,000.00	379,960.14	35	More investments made due to conditional grants received.
Interest earned - redemption fund : vehicles	10,120.69	10,000.00	120.69	1	
Income from Investments	624,401.37	400,000.00	224,401.37	56	
Government grants and subsidies	16,168,377.00	16,496,000.00	(327,623.00)	-2	
Internal Audit contribution : Municipalities	640,000.00	560,000.00	80,000.00	14	Budgeted for seven municipalities, income for eight municipalities.
Income Vostersdam	8,227.08	-	-	100	Not budgeted
VAT - Addisitional Claim	485,586.16	-	-		
Office Rental : External	95,095.54	82,000.00	13,095.54	16	More strict control over this income.
Other income	495,743.99	203,000.00	292,743.99	144	More Seta Grants received then expected.
Total Revenue	24,991,857.45	22,472,000.00	2,026,044.21	9	



EXPENDITURE					
Employee related costs	9,182,103.31	9,215,500.00	(33,396.69)	0	
Remuneration of Councillors	2,563,627.00	2,565,500.00	(1,873.00)	0	
Bad Debts written off	580,740.15	-	-	100	Not budgeted
Collection costs	519,901.26	310,000.00	209,901.26	68	
Depreciation	652,450.32	550,000.00	102,450.32	19	Due to the implementation of GAMAP/GRAP, the amount to budget for accumulated depreciation was uncertain.
Expenditure Vostersdam	4,520.48	-	-	100	Not budgeted
Repairs and maintenance	453,063.57	486,500.00	(33,436.43)	-7	
Interest on external borrowings	257,818.47	12,000.00	245,818.47	2048	
Contracted services	569,330.91	570,000.00	(669.09)	0	
Infrastructure expenses	2,936,069.29	2,701,000.00	235,069.29	9	
General expenses - other (including abnormal expenses)	4,193,928.27	4,193,500.00	428.27	0	
Contributions to funds	70,000.00	91,000.00	(21,000.00)	-23	
Total Expenditure	21,983,553.03	20,695,000.00	703,292.40	3	
NET SURPLUS/(DEFICIT) FOR THE YEAR	3,008,304.42	1,777,000.00	1,231,304.42		

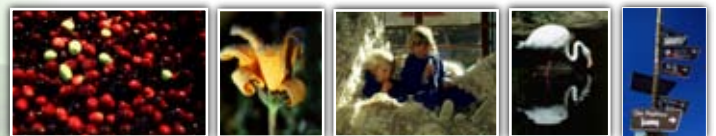


APPENDIX E(2) - Unaudited Information
PIXLEY KA SEME DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET
FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual R	2007 Under Construction R	2007 Total Additions R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Land and Buildings	-	-	-	-	-	0	
Furniture and Fittings	3,333	-	3,333	7,000	-3,667	-52	Items not needed this financial year
Office Equipment	414,081	-	414,081	448,000	33,919	-8	Items not needed this financial year
Council Vehicles	596,000	-	596,000	596,000	-	0	
Protection Services	397,585	-	397,585	726,000	-328,415	-45	Conditional grant unspend - see note 4
Total	1,410,999	-	1,410,999	1,777,000	-366,001	-21	



Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Near	Provincial	-	-	588,000	-	135,181	160,406	157,349	135,064	-	-	-	n/a	Yes	n/a	
Fire Fighting	Provincial	-	-	397,585	-	-	-	-	397,585	-	-	-	n/a	Yes	n/a	
FMG	National	-	500,000	-	-	128,700	118,300	130,600	122,400	-	-	-	n/a	Yes	n/a	
Levy Replacement	National	2,694,935	2,694,935	2,695,178	2,691,952	1,969,213	2,869,385	1,861,748	4,076,654	-	-	-	n/a	Yes	n/a	
Councillor Rumeration	National	221,056	220,567	220,316	222,245	227,589	209,198	230,949	216,448	-	-	-	n/a	Yes	n/a	
Equitable Share	National	746,440	746,440	746,287	746,440	339,683	842,818	326,054	1,143,710	-	-	-	n/a	Yes	n/a	
Environmental Health	Provincial	-	27,000	9,000	-	1,738	1,925	3,012	12,125	-	-	-	n/a	Yes	n/a	
MSIG	National	500,000	500,000	-	-	206,900	366,700	228,700	197,700	-	-	-	n/a	Yes	n/a	
Roadworks	Provincial	3,984,359	3,951,470	3,967,914	4,166,200	2,583,270	4,721,532	2,865,808	5,691,434	-	-	-	n/a	Yes	n/a	
MIG	National	3,325,500	2,000,000	2,000,000	8,403,086	1,359,988	1,468,295	3,420,278	6,059,024	-	-	-	n/a	Yes	n/a	
Powerline Subsidy	National	-	1,174,000	-	-	453,399	132,545	212,846	375,210	-	-	-	n/a	Yes	n/a	
Bucket Eradication	National	4,000,000	-	2,000,000	-	1,397,721	612,789	1,115,166	1,893,072	-	-	-	n/a	Yes	n/a	
		15,472,290	11,814,412	12,624,280	16,229,923	8,803,382	11,503,893	10,552,510	20,320,426	-	-	-	-	-	-	



REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF PIXLEY KA SEME DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- I have audited the accompanying financial statements of the Pixley ka Seme District Municipality which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 34.

Responsibility of the accounting officer for the financial statements

- The accounting officer is responsible for the preparation and fair presentation of these financial statements 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 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control 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

- 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) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
- 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.
- 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 control 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 control.
- An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
- 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 Pixley ka Seme District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

- The district 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.



Basis for qualified opinion

10. Property, plant and equipment

- A number of capital assets have not been included in the closing balance of R3 335 638, as disclosed in note 6 to the annual financial statements. The closing balance was consequently misstated by an unquantifiable amount, which would equate to the cost of the assets had they been determined.
- The completeness of capital assets disclosed in the financial statements could not be determined as assets with values less than R3 000 were not recognised.
- Further to this assets were found not to be adequately insured.
- Disclosures relating to finance leases were not made as required by IAS 17 (AC 105), Leases as all leases are accounted by the municipality as operating leases. This resulted in the liability and asset in respect of the finance lease assets being understated in the financial statements.

11. Revenue and receivables

- According to paragraphs 63 and 64 of International Accounting Standard 39 (AC 133), Financial instruments: Recognition and measurement, loans and receivables should be impaired if there is objective evidence that an impairment loss was incurred. The municipality did not make such an assessment and only recognised a general provision for doubtful debts of R122 100 based on the ageing of debtors.
- Rental income related to property rented to external parties was found to have been outstanding for a number of years. This revenue and the corresponding receivables were not recognised in the financial statements, resulting in rental income and receivables being understated by R157 000.

12. Irregular expenditure

Expenditure amounting to R905 862 were incurred in contravention of the supply chain management policy and should be regarded as irregular expenditure and disclosed as such in the financial statements as required by section 125(d)(i) of the MFMA.

Qualified opinion

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

Emphasis of matters

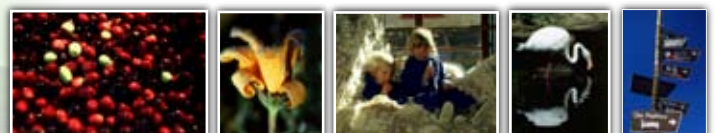
I draw attention to the following matters:

13. Highlighting a matter affecting the financial statements

Included in the statement of financial performance was R500 000 written off in respect of bridging finance provided to another municipality. This bridging finance was originally granted in contravention of section 15 of the MFMA and was now written off as it could not be recovered.

14. Basis of accounting

As set out in accounting policy 1 the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of General Notice 552 of 2007 issued in Government Gazette No. 30013 of 29 June 2007.



OTHER MATTERS

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

15. Matters of governance

Audit committee

The appointed audit committee did not comply with all the provisions listed in section 166 of the MFMA regarding their role and responsibilities. Note is taken that subsequent to my audit various matters of non-compliance were addressed and corrective action taken.

Open competition in the awarding of contracts

No bidding process was followed during the appointment of a consultant that assisted with the compilation of VAT returns. An amount of R221 427 was paid to the consultant, which constituted 40% of a VAT refund obtained by the municipality as a result of the assistance obtained from the consultant in completing certain VAT returns. The 40% appears to be excessive when compared to the market rate of 10% to 18%.

16. Material corrections made to the financial statements submitted for auditing

The financial statements, approved by the accounting officer and submitted for auditing on 30 September 2007, have been significantly revised in respect of various misstatements identified. These misstatements included the revision of the accounting policies and adjustment of various disclosures in the financial statements to ensure compliance with the disclosure requirements of the GRAP/GAMAP basis of accounting.

17. Internal control

Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the district municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal 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 internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for [qualification/adverse/disclaimer of] opinion					
Property, plant and equipment	X		X		X
Receivables			X		X
Revenue			X		X
Irregular expenditure	X		X		
Other matters					
Matters of governance			X		X
Material corrections to the financial statements	X				X

Control environment

The municipality did not have adequate systems for the management of capital assets. As a consequence the asset register was not maintained effectively and accurately, which resulted in the matters reported above concerning the management of capital assets.

The entity did not establish the key elements of a control environment to achieve sound financial management. This gave rise to many corrections to the financial statements resulting from matters identified. The qualification related to receivables also stems from the key elements of a control environment not being present.



Control activities

In terms of the MFMA the accounting authority is required to ensure that an effective and efficient system of internal control is in place. This would require that relevant policies and procedures are put in place to achieve this. As such policies and procedures had not been developed to provide for the new basis of accounting, officials did not implement adequate controls to account on the GRAP/GAMAP basis of accounting. This is evidenced by the matters reported relating to accounts receivable and material amendments to the financial statements.

Reconciliations between the asset register and the general ledger were not done on a monthly basis. Room inventory lists were checked for most months but were never reconciled with the general ledger. The register was inspected and it was found that assets were not linked to its location, department and cost center. These matters resulted in the asset register being incomplete because assets were identified on the room inventory lists and physically but not on the asset register.

Monitoring

The monitoring of controls, such as the review of contracts and their implications, the review of asset counts performed and the evaluation of applicability of processes and procedures were not effective. This contributed to the matters reported relating to the completeness of property, plant and equipment, receivables, the completeness of revenue and the material changes to the financial statements.

18. Unaudited supplementary schedules

The district municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1: Presentation of financial statements. The supplementary budget information set out on pages 32 to 33 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

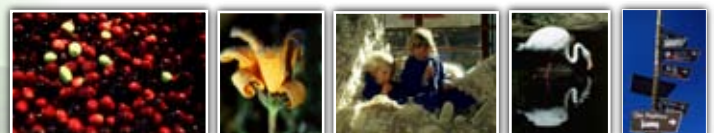
19. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

20. 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).

Responsibility of the Auditor-General

21. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007 and section 45 of the MSA.
22. 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.
23. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.



Audit findings

24. Non-compliance with regulatory requirements

Contents of integrated development plan

Contrary to section 26 of the MSA the integrated development plan of Pixley ka Seme for the 2006-07 year contained key performance areas and indicators of the 2005-06 financial year. This resulted in the target dates for the expected outcome being for the 2005-06 financial year and not the 2006-07 financial year. As a result, targets included in the service delivery and budget implementation plan for 2006-07 did not originate in the integrated development plan.

Contrary to section 26(h) of the MSA the budget information included in the financial plan, contained in the integrated development plan, also refers to the 2005-06 financial year resulting in the integrated development plan not being aligned to the 2006-07 budget.

Existence and functioning of a performance audit committee

The Pixley ka Seme District Municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilised as the performance audit committee.

Internal auditing and performance measurements

The Pixley ka Seme District Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal auditing processes as required in terms of section 45 of the MSA.

25. Performance information not received in time

I was not able to complete an evaluation of the quality of the reported performance information as set out on pages xx to xx of the annual report, since the information was not received in time.

APPRECIATION

26. The assistance rendered by the staff of the Pixley ka Seme District Municipality during the audit is sincerely appreciated.



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

Kimberley

30 November 2007



Annual Performance Management Report 2006/2007

1. Introduction

The Pixley ka Seme District committed itself to an effective and efficient authority to deliver the best possible service to its clients, in our vision and mission we declare ourselves committed to improve the quality of life of all our citizens. The following corporate values underpin our dedication to the successful execution of our strategic objectives:

- Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and, to this end, observe human rights and participate in co-operative governance
- We subscribe to the principles of Batho Pele and total quality management
- We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management
- We believe in integrity in the relations with all our stakeholders
- We commit ourselves to a corruption free municipality
- We endorse a "people-driven" approach and, to this end, commit ourselves to ensuring public participation in local government
- We commit ourselves to promote racial, gender and all other forms of equality and to empower all people in the district
- We regard the personnel of our municipality as our most important resource
- We will respect the views and inputs of all members of the council

We in the performance management systems tried to live up to the above values in our total planning process where performance management is just the monitoring tool. This report will give an indication of the success of the municipal Administration to live up to the commitment of ensuring a better life for all.

2. Methodology

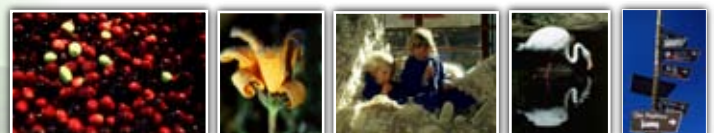
The methodology that was followed in compiling a performance management system for Pixley ka Seme District Municipality was to use the regulations on performance management that was promulgated 1 August 2006. The Municipal Manager and the four Direct Reports all had employment contracts that were still in place. The first of the contracts that expired was the one of the municipal manager, on 28 February 2007 and when the municipal manager was re-appointed the proposed employment contract as per the regulations was used.

The performance agreements with performance plans and personal development plans as per the regulations were compiled for the municipal manager and individually for each of the direct reports. The process of determining the key performance indicators started at an annual planning session by full council where the municipality's vision, mission and strategic objectives were determined, the strategic objectives were divided into the five general key performance areas and a performance target and target date for each of these objectives were determined. The municipality then compiled a scorecard for administration to be monitored by. The scorecard was advertised for comments. The scorecard then became the municipal manager's scorecard and was incorporated into his performance plan. The municipal manager then compiled from his scorecard scorecards for the individual direct reports. The scorecards of the direct reports were incorporated into their respective performance plans.

The municipal manager and executive mayor negotiated the scorecard and the performance agreement of the municipal manager, after that the municipal manager and the direct report negotiated the individual scorecard and performance agreements with the respective direct reports.

This, the key performance areas, key performance indicators, strategic objectives, performance targets and target dates which is linked to the Integrated Development Plan, constitutes the performance management system of the municipality.

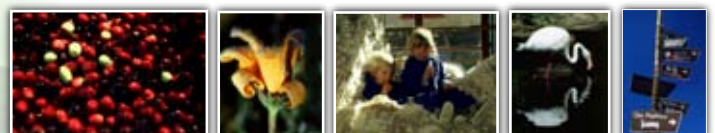
In the performance agreement it was determined that monitoring will take place four times a year and that two of these meetings should be formal.



Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date
I. Basic Service Delivery		<ul style="list-style-type: none"> To Plan, provide infrastructure and Services 	<ul style="list-style-type: none"> 100% implementation on Council approved projects 	<ul style="list-style-type: none"> 100% 	30 June 2007
			<ul style="list-style-type: none"> 100% Expenditure on approved capital project 	<ul style="list-style-type: none"> 100% 	30 June 2007
			<ul style="list-style-type: none"> Reports: MIG;PIG DORA; 	<ul style="list-style-type: none"> Monthly 	7th each month
			<ul style="list-style-type: none"> Business plans 	<ul style="list-style-type: none"> Annually 	30 June 2007
		<ul style="list-style-type: none"> To Manage the Planning and Development Function of the District Municipality according to the IDP taking into cognisance the Provincial Growth and Development 	<ul style="list-style-type: none"> Review and approval of the IDP 	<ul style="list-style-type: none"> Annually 	31 March 2007
			<ul style="list-style-type: none"> Report on the Implementation of Projects according to the IDP 	<ul style="list-style-type: none"> Quarterly 	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			<ul style="list-style-type: none"> 100% Implementation of approved projects 	<ul style="list-style-type: none"> 100% 	30 June 2007
		<ul style="list-style-type: none"> The Management of the Provincial Department of Transport Roads Function 	<ul style="list-style-type: none"> Reports: Mechanical; Roads; Expenditure 	<ul style="list-style-type: none"> Monthly 	20th of each month
			<ul style="list-style-type: none"> 60 000 blade km blading of roads 	<ul style="list-style-type: none"> 60 000 blade km 	31 March 2007
			<ul style="list-style-type: none"> Business plan 	<ul style="list-style-type: none"> Annually 	28 February 2007
			<ul style="list-style-type: none"> 100% Expenditure 	<ul style="list-style-type: none"> 100% 	30 June 2007
		<ul style="list-style-type: none"> Effective and efficient environmental health unit 	<ul style="list-style-type: none"> Investigation of how to render the environmental health service in the District 	<ul style="list-style-type: none"> Once 	30 June 2007
			<ul style="list-style-type: none"> Engage in discussions with Local Municipalities currently rendering the environmental health services 	<ul style="list-style-type: none"> Once 	30 June 2007
			<ul style="list-style-type: none"> Rendering the services in, Renosterberg and Kareeberg 	<ul style="list-style-type: none"> Continuous 	30 June 2007



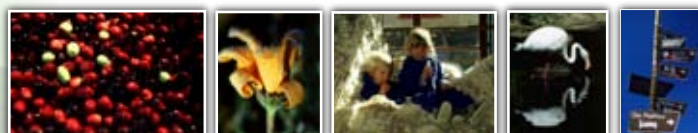
Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date
2. Municipal Institutional Development and Transformation		• Review and Implementation organisational structure	• Filling of all vacant posts in terms of the EE plan of the council	• Continuous	30 June 2007
			• Review organisational structure	• Once	30 June 2007
			• Compile and Implement a comprehensive Skills Development Plan	• Annually	30 June 2007
			• Compile individual career paths for employees (50%)	• Annually	30 June 2007
		• Adopt and Implement a performance management system	• Management of PMS for MM + Direct Reports	• Annually	30 June 2007
			• Review of PMS	• Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			• Implement EE Plan	• Continuous	30 June 2007
		• To adhere to the Municipality's employment equity plan	• Review Remuneration Policy	• Once	31 December 2006
			• Supply Chain Management Policy	• Once	31 December 2006
			• Investment Policy	• Once	31 December 2006
		• To integrate and develop by-laws, policies and procedures	• To have an annual strategic planning session to inform the IDP Process	• Once	31 December 2006
			• To create an effective and Efficient personnel administration division	• Annually	31 October 2006
		• To have a strategic Planning session	• Team building,	• Once	30 June 2007
			• Departmental meetings	• Annual	30 June 2007
		• Human Resource Management	• Labour Forum,	• Monthly	Before end of each month
		• To improve the moral and team spirit	• Improved interdepartmental Co-operation/ Communication	• Monthly	Before end of each month
			• Suggestion Box	• Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			• Report on % of Absenteeism	• Monthly	End of each month
			• Staff turnover	• Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			• Reports on Arrival/ Departure times	• Annually	30 June 2007



Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date
		• Effective and efficient Disaster Management Unit	Training of the staff members and volunteers	Monthly	End of each month
			Develop an Incident Management System	Annually	30 June 2007
			Implementation of the disaster management contingency plan	Annually	30 June 2007
		• Housing	Establishment of a Housing Unit	Annually	30 June 2007
			Populating of the Housing Unit organisational Structure	Once	30 June 2007
			Implementation of the Housing Unit	Once	30 June 2007
			Establishment of Shared Services Centre	Once	30 June 2007
			Strive to mobilise the community in the prevention of crime by conducting quarterly activities, and maintenance of the establish structures	Once	30 June 2007
			Reporting on progress of programmes and structures	Continues	30 June 2006
		• Shared Services Centre	Maintenance of HIV/ Aids volunteer programme	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			Ensure Meetings of the District HIV/ Aids Council on a monthly basis	Continuous	30 June 2007
			Sector Plan on HIV/ Aids	Monthly	End of each Month
		• Contribute to the effort of the relevant Line Departments to improve the safety and security of communities		Once	30 June 2007
		• Contribute to the effort of the relevant Line Departments to reduce the spread and impact of HIV/ Aids in the municipal Area		Once	30 June 2007



Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date
3. Local Economic Development (LED)		• Successful Implementation of DGD Strategy	• DGDS Summit	• Once	31 December 2006
		• LED Section	• Restructuring and strengthening of the LED Section	• Once	30 June 2007
			• Identification and facilitation of implementation of 3 new LED Projects	• Annually	30 June 2007
		• To promote local economic development in the Municipal area	• Establishment of a District wide Economic Development and Tourism Forum	• Annually	30 June 2006
		• To create job opportunities	• Creating 1000 temporary job opportunities	• Continuous	30 June 2007
		• To promote tourism in the District	• Annual marketing of the District at the Tourism Indaba	• Annually	30 June 2007
		• The promotion of the Provincial Tourism Master Plan	• Participation in the Provincial Expo	• Annually	30 June 2007
			• Make an annual financial contribution	• Annually	30 June 2007
4. Municipal Financial Viability and Management		• Recover the Budgeted Income	• Recover 100%	• 100%	30 June 2007
		• Reduction of Debt	• Reduce debt by 10%	• 10%	30 June 2007
		• To manage expenditure and income in accordance with the approved budget and MFMA	• Reporting on income and expenditure according to regulation R 1536	• Monthly, quarterly, Mid-term and annually	Continuous
			• 100% expenditure on Capital	• Quarterly Reports	30 Sept 2007, 31 Dec 2007, 31 March 2007, 30 June 2007
			• To complete Financial Statement	• Annually	31 August 2007
		• To complete the budget with the prescribed time frame	• Annually	First draft 31 March 2007,	
		• To avoid unauthorised, irregular and fruitless expenditure	• Quarterly Reports	30 Sept 2007, 31 Dec 2007, 31 March 2007, 30 June 2007	



Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date
		<ul style="list-style-type: none"> To have an efficient and effective system of internal auditing of the activities of the municipality 	<ul style="list-style-type: none"> To support the management of an active Audit Committee 	<ul style="list-style-type: none"> Quarterly 	30 Sept 2007, 31 Dec 2007, 31 March 2007, 30 June 2007
			<ul style="list-style-type: none"> To prepare a risk based audit plan and programme 	<ul style="list-style-type: none"> Annually 	30 November 2006
			<ul style="list-style-type: none"> To report to the audit committee 	<ul style="list-style-type: none"> Quarterly 	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			<ul style="list-style-type: none"> Conduct audits and report on the work done 	<ul style="list-style-type: none"> Quarterly 	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
5. Good Governance and Public Participation		<ul style="list-style-type: none"> To promote a culture of open communication with all internal and external stakeholders 	Programme for Public Participation	Annually	30 September 2006
			Development Policy	Once	30 September 2006
		<ul style="list-style-type: none"> To promote active community participation 	Mayoral Committee meets the People	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			Municipal managers and CFO Forums	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			Quarterly newsletter	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
			Development of a Public participation Programme and Procedure	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
		<ul style="list-style-type: none"> Programme of information sharing 	Developing and Managing a website for PKS	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007
		District IGR	Meetings of the IGR	Quarterly	30 Sept 2006, 31 Dec 2006, 31 March 2007, 30 June 2007



4. Performance Management Reports of Municipal Manager and Direct Reports

4.1. Chief Financial Officer

4.1.1. Key Performance Areas

No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Base-line %	Score			
							Manager Score	Committee/ MM Score	Final Score	Reason for Difference
1	Municipal Transformation and Organisational Development	10	1.	Skills Development and EE Plan	2	70	2	1	1	
			2.	Policies	4	70	4	2	3	
			3.	To have an annual strategic planning session to inform the IDP	2	100	2	2	2	
			4.	Team building	2	100	1	1	1	
2	Infrastructure Development and Service Delivery	5	5.	Expenditure on Approved Projects	3	100	3	2	2	
			6.	Report and Business plans on MIG, Dora	2	100	2	2	2	
3	Local Economic Development (LED)	5	7.	DGD Summit	5	100	3	3	3	
4	Municipal Financial Viability and Management	70	8.	Recovering of Budgeted income	10	100	10	8	10	We generated more revenue than the budgeted income (+7%)
			9.	Reduction of Debt	10	80	8	6	8	All the outstanding debt was redeemed
			10.	Reporting on Income and Expenditure according to R 1536	10	100	10	7	10	
			11.	Financial Statements Completion	10	100	10	5	7	We had to amend the financial statements four times during the visit of the external auditors
			12.	Budget Completion	10	100	10	6	8	The process leading to the compilation of the budget needs to be improved
			13.	To avoid unauthorised, irregular and fruitless expenditure	20	100	20	15	15	The report of the AG which made and adverse finding on the expenditure by the DM
5	Good Governance and Public Participation	10	14.	Programme for Public Participation	5	80	3	3	3	
			15.	District IGR	5	100	3	3	3	
							91	66	78	



4.1.2. Core Competency Requirements

Period: 1 July 2006 to 30 June 2007						
No	Core Competency	Weight	Score			Comments
			Manager	MM	Final Score	
1	Financial Management ©	20	17	17	17	
2	People Management and Empowerment ©	5	3	3	3	
3	Client Orientation and Customer Focus ©	5	4	3	3	
4	Strategic Capability and Leadership	5	4	2	3	
5	Communication	10	8	4	6	
6	Honesty and Integrity	10	8	7	8	
7	Interpretation of and implementation within the legislative and national policy frameworks	15	12	12	12	
8	Knowledge of Performance Management and Reporting	5	4	3	3	
9	Competence in policy conceptualisation, analysis and implementation	5	4	4	4	
10	Knowledge of more than one functional municipal field / discipline	5	4	3	3	
11	Exceptional and dynamic creativity to improve the functioning of the municipality	15	12	10	11	
	Total	100%	80	68	73	



4.2. Head of Corporate Service

4.2.1. Key Performance Areas

No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Base-line %	Score			
							Manager Score	Committee/ MM Score	Final Score	Reason for Difference
1	Municipal Transformation and Organisational Development	70	1.	Review Organisational Structure and fill critical vacant posts	5	100	6	4	6	
			2.	Skills Development and EE Plan	10	100	10	6	8	
			3.	Compile Individual career plans for Employees	5	100	3	0	2	
			4.	Management of PMS	5	100	4	2	2	
			5.	Policies	10	100	10	7	10	
			6.	To have an annual strategic planning session to inform the IDP	2	100	2	2	2	
			7.	Ensure the promotion and implementation of comprehensive human resource management and development programmes	10	100	12	5	7	
			8.	To create and effective and efficient personnel administration division	10	100	11	6	9	
			9.	Team building	3	80	4	2	2	
			10.	Training of staff members and Volunteers for Disasters	5	80	4	2	3	
			11.	Develop an Incident Management System	3	70	4	3	3	
			12.	Implement of Disaster Management Contingency Plans	2	100	2	2	2	
2	Infrastructure Development and Service Delivery									
3	Local Economic Development (LED)									
4	Municipal Financial Viability and Management									
5	Good Governance and Public Participation	30	13.	Programme for Public Participation	5	80	5	1	4	
			14.	Participation in Development policy	5	100	6	4	4	
			15.	Developing and Maintenance of a Website	10	100	8	4	6	
			16.	District IGR	10	80	8	4	6	
							99	54	76	



4.2.2. Core Competency Requirements

No	Core Competency	Weight	Score			Comments
			Manager	MM	Final Score	
1.	Financial Management ©	10	6	5	6	
2.	People Management and Empowerment ©	10	10	10	10	
3.	Client Orientation and Customer Focus ©	5	5	5	5	
4.	Change Management	10	10	8	5	
5.	Interpretation of and implementation within the legislative and national policy frameworks	15	13	11	12	
6.	Knowledge of Performance Management and Reporting	10	7	7	7	
7.	Competence in policy conceptualisation, analysis and implementation	15	13	11	12	
8.	Knowledge of more than one functional municipal field / discipline	10	8	7	8	
9.	Strategic Capability and Leadership	5	4	5	5	
10.	Exceptional and dynamic creativity to improve the functioning of the municipality	10	9	8	8	
	Total	100%	85	77	78	



4.3 Head of Technical Services

4.3.1 Key Performance Areas

No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Base-line %	Score			
							Manager Score	Committee/MM Score	Final Score	Reason for Difference
1	Municipal Transformation and Organisational Development	30	1.	Skills Development and EE Plan	3	80	3	2	3	
			2.	To have an annual strategic planning session to inform the IDP	2	100	2	2	2	
			3.	Team building	2	80	2	1	1	
			4.	Establishment of a Housing Unit	7	100	7	6	6	
			5.	Strive to Mobilise the Community in Crime Prevention	1	50	3	3	3	
			6.	Maintenance of HIV/Aids volunteer Programme and Aids Council	6	50	3	4	4	
			7.	Implementation and Expenditure on Approved Projects, MIG and Dora	2	100	10	10	10	
			8.	Review and Approval of the IDP	5	80	4	3	3	
			9.	Delivering of Environmental health services	10	80	8	8	8	
2	Infrastructure Development and Service Delivery	40	10.	Full implementation and Expenditure on Approved Projects	20	100	19	18	18	
			11.	Reports on Mechanical and Roads	10	100	7	8	8	
3	Local Economic Development (LED)	15	12.	DGD Summit	3	100	3	3	3	
			13.	Restructuring and Strengthen of the LED Section	10	100	2	4	2	
			14.	Establishment of a District Wide Economic Development and Tourism Forum	2	80	0	0	0	
4	Municipal Financial Viability and Management									
5	Good Governance and Public Participation	5	15.	Programme for Public Participation	5	90	3	2	2	
							76	74	73	



4.3.2 Core Competency Requirements

No	Core Competency	Weight	Manager	MM	Final Score	Comments
1	Financial Management ©	10	8	8	8	
2	People Management and Empowerment ©	5	3	2	3	
3	Client Orientation and Customer Focus ©	10	9	5	7	
4	Strategic Capability	5	4	4	4	
5	Programme and Project Management	15	13	13	13	
6	Honesty and Integrity	5	4	4	4	
7	Interpretation of and implementation within the legislative and national policy frameworks	5	4	4	4	
8	Knowledge of Performance Management and Reporting	5	4	3	3	
9	Competence in policy conceptualisation, analysis and implementation	10	9	7	9	
10	Knowledge of more than one functional municipal field / discipline	15	14	9	12	
11	Exceptional and dynamic creativity to improve the functioning of the municipality	10	8	6	6	
	Total	100%	80	65	73	



4.4 Chief Internal Auditor

4.4.1 Key Performance Areas

No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Base-line %	Score			
							Manager Score	Committee/ MM Score	Final Score	Reason for Difference
1	Municipal Transformation and Organisational Development	10	1	Filling of all vacant posts in terms of the EE plan of the Council	1	70	1	1	1	
			2	Review Organisational Structure	0.5	100	0.5	0.5	0.5	
			3	Compile and Implement a comprehensive Skills Development Plan	1	70	1	1	1	
			4	Compile individual career paths for employees	2	100	2	0	0	
			5	Implement EE Plan	1	100	1	1	1	
			6	Participate in Annual Strategic Planning Session	0.5	100	0.5	0.5	0.5	
			7	Contribute to an effective and efficient Administration	0.5	100	0.5	0.5	0.5	
			8	Teambuilding	1	100	0.5	1	1	
			9	Departmental meetings	0.5	100	0.5	0.5	0.5	
			10	Improved Interdepartmental co operation and communication	1	100	1	1	1	
			11	Report on % Absenteeism	1	100	1	0	0	
2	Infrastructure Development and Service Delivery									
3	Local Economic Development (LED)									
4	Municipal Financial Viability and Management	80	12	To support the management of an Active Audit Committee	12	100	9	8	9	
			13	To prepare risk based audit plans and programmes for participating municipalities	13	80	9	8	9	
			14	To Report to all the Audit Committee	15	90	15	10	12	
			15	To conduct quarterly Audits in all participating municipalities and report on work done	40	100	40	36	40	
5	Good Governance and Public Participation	10	16	Programme for Public Participation	4	70	3	2	3	
			17	MM and CFO Forums	4	100	4	4	4	
			18	Participate in Quarterly newsletter	2	100	2	1	1	
							91.5	76	85	



4.4.2 Core Competency Requirements

No	Core Competency	Weight	Score			Comments
			Manager	MM	Final Score	
1	Financial Management ©	30	28	27	28	
2	People Management and Empowerment ©	5	3	3	3	
3	Client Orientation and Customer Focus ©	5	3	3	3	
4	Strategic Capability	5	3	4	4	
5	Change Management	5	3	3	3	
6	Interpretation of and implementation within the legislative an national policy frameworks	20	17	17	17	
7	Competence in policy conceptualisation, analysis and implementation	20	18	17	17	
8	Exceptional and dynamic creativity to improve the functioning of the municipality	10	8	4	6	
	Total	100%	83	78	81	

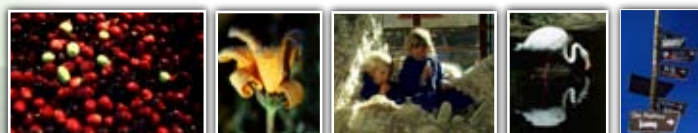
4.5 Senior Professional PIMSS

4.5.1 Key Performance Areas

Scorecard for Manager PIMSS : Mr S Diokpala										
No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Baseline %	Score			
							Manager Score	Committee/ MM Score	Final Score	Reason for Difference
1	Services for the District- Level IDP	20	1	To ensure that all legal requirement within the IDP process are met by municipalities	5	100	5	3	4	Most of the IDP's don't have the requisite sector plans
			2	To provide methodological guidance to municipalities	5	100	5	3	4	We need more hands-on support for municipalities to comply with the methological requirements
			3	To convene and or facilitate IDP workshops and training sessions	2	70	1.5	2	2	
			4	To review and improve exiting IDP's	5	100	4	3	3	All IDP's in the district were not credible except for the one of the DM
			5	To set up a performance management system to monitor the implementation of the IDP	1	100	1	1	1	
			6	To document the outcomes of consultative IDP Meetings	2	70	1.5	1	1.5	



2	Basic Services	20	7	To assist with services related to constitutional mandate of supporting the municipalities by providing information, establishing links between governmental and/or private sector providers	9	100	9	6	6	Could not produce adequate proof on the involvement of the private sector in the IDP process. Much more efforts must be invested to ensure that the private sector is actively involved
			8	To promote intergovernmental planning	5	70	5	3	3	Not much work was done to strengthen and streamline the work of the DIGR. The Shared Services Centre is central to the work of the DIGR
			9	To coordinate the District IGR,MM and CFO forums	3	70	1	2	2	
			10	To advise municipalities on management of consultants, appropriate technology solutions, techniques in the planning and facilitation process and institutional capacity building	3	100	3	2	3	
3	Demand- driven services	20	11	To provide various planning services including IDP process plans, required data, identification of main issues and strategic planning	10	100	9	7	8	
			12	To provide land use planning and settlement planning and design, training and facilitation of workshops, project design, linkages between IDP and budgets, defining performance indicators for a monitoring and evaluation system, land use and land management, project implementation management, support and implementation of LED management, different service delivery options (PPP) and IT data-based system / GIS	10	100	8	7	7	
4	Human Resource	20	13	To assist the District and Local Municipalities in their human resource needs.	10	100	9	7	3	Assisted Municipalities with: <ul style="list-style-type: none"> o WSP o Skills Audits o Implementation of Learner ship programmes o Preparation of MSIG Action Plans
			14	To render human resource practitioner services in the region.	10	100	9	3	3	Due to lack of capacity, assistance to municipalities was premised on HR processes and not rendering of the actual services



5	Performance Management	20	15	To assist the District and local municipalities in compiling a performance management system	7	100	6	5	6	
			16	To monitor the implementation of the system	5	80	3	2	2	
			17	To assist the municipalities with the coaching and review of the system.	3	80	2	0	1	No practical assistance was rendered to municipalities for coaching purposes
							82	53	63.5	

4.5.2 Core Competency Requirements

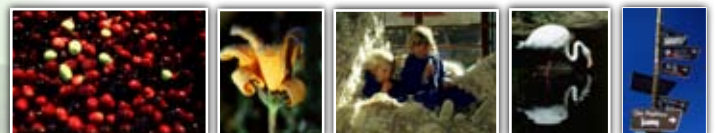
Core Competency Requirements (20%)				Period: 1 July 2006 to 30 June 2007				
Manager PIMSS: S Diokpala								
No	Core Competency	Weight	Scores				Final Score	Comments
					Manager	MM		
1	Financial Management ©	10			10	6	6	The management of the budget of the Shared Services Centre is not up to standard
2	People Management and Empowerment ©	3			3	2	2	
3	Client Orientation and Customer Focus ©	5			5	4	4	
4	Strategic Capability	10			10	7	9	
5	Programme and Project Management	7			7	7	7	
6	Interpretation of and implementation within the legislative and national policy frameworks	20			20	16	18	
7	Knowledge of Performance Management and Reporting	10			10	8	8	
8	Competence in policy conceptualisation, analysis and implementation	10			10	8	9	
9	Knowledge of more than one functional municipal field / discipline	5			5	4	4	
10	Exceptional and dynamic creativity to improve the functioning of the municipality	20			18	12	16	Very limited creative efforts were invested in ensuring optimal functioning of the municipalities
Total		100%			98	74	83	



4.6 Municipal Manager

4.6.1 Key Performance Areas

No	Key Performance Area	Weight	No	Key Performance Indicators	Weight	Base-line	Score			
							MM Score	Committee Score	Final Score	Comments
1	Municipal Transformation and Organisational Development	20	1.	Review Organisational Structure and fill critical vacant posts			18	17	17	
			2.	Skills Development and EE Plan						
			3.	Compile Individual career plans for Employees						
			4.	Management of PMS						
			5.	Policies						
			6.	To have an annual strategic planning session to inform the IDP						
			7.	To create and effective and efficient personnel administration division						
			8.	Team building						
			9.	Training of staff members and Volunteers for Disasters						
			10.	Develop an Incident Management System						
			11.	Implement of Disaster Management Contingency Plans						
			12.	Establishment of a Housing Unit						
			13.	Establishment of a Shared Services Centre						
			14.	Strive to Mobilise the Community in Crime Prevention						
			15.	Maintenance of HIV/Aids volunteer Programme and Aids Council						
2	Infrastructure Development and Service Delivery	20	16.	Full implementation and Expenditure on Approved Projects			17	17	17	
			17.	Report and Business plans on MIG, Dora						
			18.	Review and Approval of the IDP and Report on Projects						



			19.	Reports on Mechanical and Roads					
			20.	Delivering of Environmental health services					
3	Local Economic Development (LED)	20	21.	DGD Summit		18	17	17	
			22.	Restructuring and Strengthen of the LED Section					
			23.	Establishment of a District Wide Economic Development and Tourism Forum					
4	Municipal Financial Viability and Management	20	24.	Recovering of Budgeted income		16	17	17	
			25.	Reduction of Debt					
			26.	Reporting on Income and Expenditure according to R 1536					
			27.	Financial Statements Completion					
			28.	Budget Completion					
			29.	To avoid unauthorised, irregular and fruitless expenditure					
			30.	Management of an Active Audit Committee					
			31.	To prepare risk based audit plans for municipalities					
			32.	To report regularly to the audit committee					
			33.	Conduct Timeous audits					
5	Good Governance and Public Participation	20	34.	Programme for Public Participation		18	18	18	
			35.	Participation in Development policy					
			36.	Develop a Programme for Public Participation					
			37.	Developing and Maintenance of a Website					
			38.	District IGR					
						87	86	86	



4.6.2 Core Competency Requirements

Core Competency Requirements (20%)			Period: 1 July 2006 to 30 June 2007					
Municipal Manager: Mr Z Saul								
No	Core Competency	Weight	Quarterly Scores				Final Score	Comments
			1st	2nd	3rd	4th		
1	Financial Management ©	15	12	12	11	12	12	
2	People Management and Empowerment ©	5	5	3	3	4	3	
3	Client Orientation and Customer Focus ©	5	3	3	4	4	4	
4	Strategic Capability	15	10	11	11	12	12	
5	Change Management	10	7	8	8	8	8	
6	Knowledge Management	10	8	8	8	8	8	
7	Problem Solving and Analytical Thinking	5	5	5	5	5	5	
8	People and Diversity Management	5	5	5	5	5	5	
9	Client Orientation and Customer Focus	5	4	5	4	4	4	
10	Communication	5	4	4	4	4	4	
11	Accountability and Ethical Conduct	4	4	3	3	4	3	
12	Policy Conceptualisation and Implementation	10	9	9	9	9	9	
13	Mediation Skills	2	2	2	2	2	2	
14	Advanced Influencing Skills	2	2	2	2	2	2	
15	Partnerships and Stakeholder Relations	2	2	2	2	2	2	
Total		100%	82	82	81	85	83	



5 Findings and Recommendations

The scores was done firstly by the manager self as a self assessment and thereafter the manager deliver proof in the form of a portfolio of evidence on the achievements against the targets as set. The scores were done at the end of the financial year and the scoring was very strict. None of the Managers including the Municipal Manager was given a score more than 100% in any individual assessment area.

Scoring by Municipal Manager and Direct Reports:

Job Title	Name	Self Assessment Score KPA	Self Assessment Score CCR	Assessment Council Score KPA	Assessment Council Score CCR	Final Score KPA	Final Score CCR
Chief Financial Officer	BF James	91	80	66	68	78	73
Head of Corporate Services	TA Loko	99	85	54	77	76	78
Head of Technical Services	H Greeff	76	80	74	65	73	73
Chief Internal Officer	CJB Muller	91.5	83	76	78	85	81
Senior Professional PIMSS	AS Diokpala	82	98	53	74	63.5	83
Municipal Manager	Z Saul	87		86		86	83

The ratio of the Key Performance Indictors to the Core Competency Requirements is 80:20 thus in the following table the scores will be calculated to that ratio to determine the final score for the performance by the Municipal Manager and Direct Reports:

Combination of KPA to CCR in the ratio as per the PMS regulations:

Job Title	Name	Final Score KPA (80%)	Final Score CCR (20%)	Final Score (80% + 20%)
Chief Financial Officer	BF James	62.4	14.6	74.88
Head of Corporate Services	TA Loko	60.8	15.6	72.96
Head of Technical Services	H Greeff	58.4	14.6	70.08
Chief Internal Officer	CJB Muller	68	16.2	81.60
Senior Professional PIMSS	AS Diokpala	50.8	16.6	60.96
Municipal Manager	Z Saul	68.8	16.6	82.56

None of the scores of the manager were more than the margins as stipulated in the PMS regulations for the performance bonuses, thus no manager will qualifies for a performance bonus for the 2006/07 financial year.

6 Summary

The evaluation process was very critical thus the low scores for each of the individual participants in the performance management system. This was also the first year that scoring was done according to the new performance management regulations of 2006. The rating calculator and the margins are new processes which led to a number of debates as to the execution thereof and that safe route of scoring out of a hundred for both the key performance indicators and the core competency requirements. This was calculated back to the 80:20 principle, 80% key performance indicators and 20% core competency requirements. A final score was obtained as it is stated in section 5 of this report. The performance management process will only be as successful if the whole planning process for the year is adhered to.



