

# **SIYANDA DISTRICT MUNICIPALITY**

**2006/2007**

## **ANNUAL REPORT**



SIYANDA DISTRICT MUNICIPALITY

2006/2007 ANNUAL REPORT

FUNCTIONAL AREA SERVICE

DELIVERY REPORTING

**SIYANDA DISTRICT MUNICIPALITY**  
**ANNUAL REPORT 2006/2007 FINANCIAL YEAR**

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**ANNUAL REPORT FOR SIYANDA DISTRICT MUNICIPALITY FOR THE  
2006/2007 FINANCIAL YEAR.**

**1. MAYORS FOREWORD**



Executive Mayor : M.L.Ntuli

We are pleased to present the 2006-2007 Annual Report of the Siyanda District Municipality. The provision of section 121 of the Local Government: Municipal Finance Management Act no 53 of 2003, requires that each municipality must for each financial year prepare an annual report and table it in Council by no later than 31 January. The Council must then consider its annual report within two months of it being tabled, by 31 March at the latest.

**The purpose of an annual report is given as follows:**

- Provide a record of the activities of the municipality during the financial year.
- Report on performance against the budget for the financial year.
- Promote accountability to the local community for the decisions made throughout the year.

**The annual report must include the following:**

- Annual financial statements of the municipality;
- Auditor-General's audit report in terms of section 126(3) of the MFMA;
- Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act no 32 of 2000;
- Annual performance report of the municipality prepared in terms of Section 46 of the the Municipal Systems Act no 32 of 2000;
- Assessment of any arrears;
- Assessment of municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) of the MFMA for revenue collection;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;
- Explanations in connection to financial statements;
- Any information as determined by the municipality;
- Recommendations of the audit committee;
- Any other information as may be prescribed.

This Annual Report seeks to portray a picture of the efforts the District went into as it tried to take care of the needs of its 250,000 inhabitants, spread through the six local municipalities of the District : Mier, !Kai! Garib, //Khara Hais, !Kheis, Tsantsabane and Kgatelopele.

We, as a District, in collaboration with our six local municipalities, tried to strengthen the effect of the Expanded Public Works Programme (EPWP) as well as the various job creation projects taking place in the six local municipalities. The District's role was always coordinative and supportive of the work done in the six local municipalities.

The District Management Areas (DMA's) also received a great deal of attention during the year under review. Plans are afoot to expedite development in these areas in the coming year.

As with any rigorous reporting instrument it does not hesitate in pointing out where the Municipality has fallen short and what remedial actions have been taken.

I have no doubt that this will be a useful document for councillors, staff and all other stakeholders as we strive to continuously improve our services to the inhabitants of Siyanda District Municipality.

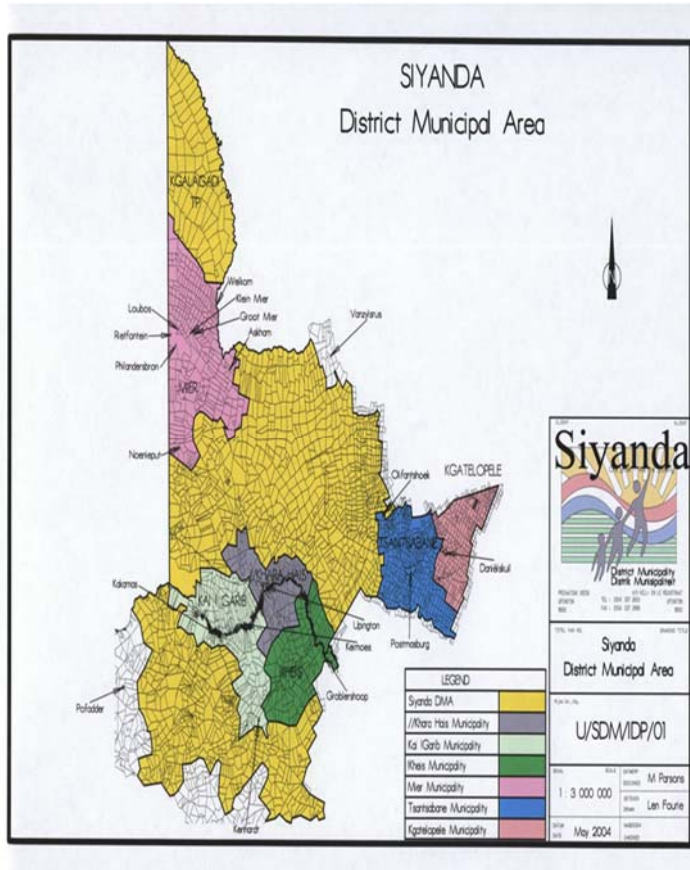
Through this report, we place ourselves at, and welcome your judgment. We commit to an even greater focus on listening to and learning from you, the citizens and owners of this municipality. In so doing, we will continue to raise our performance and service delivery to the levels required to meet all our citizens' needs and expectations.

Clr M.L.Ntuli  
Executive Mayor  
Siyanda District Municipality

## 1.2 OVERVIEW OF THE MUNICIPALITY

### 1.2.1 Demographic Profile

Siyanda District Municipality (SDM) is situated in the Northern Cape and covers an area of  $\pm 120,000$  km<sup>2</sup>. It consists of six local Municipalities, namely, Mier, !Kai! Garib, //Kharu Hais, !Kheis, Tsantsabane and Kgatelopele. The District Management Areas (DMA's) Swartkopdam and Riemvasmaak falls under the authority of the SDM. See Map below.



Siyanda District Municipality had a total population of approximately 209,925 according to the 2001 census. This represents an decrease of 875 people between the 1996 and 2001 census. The population density is approximately 1.74 people per square kilometre.

Name of Municipality	Main Towns	Population (Census 2001)
Kai! Garib	Kakamas, Keimoes, Kenhardt Surrounding rural areas of Blouputs, Kanoneiland, Marchand Augrabies, Alheit and Cilliers	57,678
Mier	Rietfontein, Askham, Noenieput, Grootmier, Kleinmier, Philandersbron, Welkom, Andriesvale and Drieboom.	6,842
//Khara Hais	Upington, Raaswater, Louisvale, Kalksloot, Leerkrans, Karos, and Lambrechtsdrift	73,790
! Kheis	Groblerhoop, Grootdrink, Wegdraai and Topline	16,039
Tsantsabane	Postmasburg, Jenn Haven, Groenwater, and Skeyfontein	31,032
Kgatelopele	Danielskuil and Lime Acres	15,448
DMA	Swartkopdam and Riemvasmaak	9,096
<b>Total</b>		<b>209,925</b>

The District Management Area (DMA) of Siyanda District Municipality exists mainly of areas in the Kalahari, private farmlands in the Kenhardt and surrounding areas as well as the Community of Riemvasmaak.

The Riemvasmaak Community mentioned above is situated 60km west of Kakamas. The area of about 74,000 hectare, is bordered by the Orange River in the south, the Kalahari in the North and by Namibia in the west. Riemvasmaak is almost two hours drive from Upington by car.

**Age Breakdown of Siyanda population according to the 2001 census were as follows :**

➤ 65 years and over	10,704
➤ between 40 and 65 years	43,802
➤ between 15 and 39 years	90,206
➤ 14 years and under	65,213
<b>Total</b>	<b>209,925</b>

**Household income according to the 2001 census were as follows :**

➤ over R6,400 per month	4,634
➤ between R3,200 and R6,399 per month	6,276
➤ between R1,600 and R3,199 per month	8,672
➤ under R1,600 per month	190,343
<b>Total</b>	<b>209,925</b>

**Population Race according to the 2001 census were as follows :**

➤ Black	51,773	0
➤ Coloured	133,240	1
➤ Indian or Asian	198	0
➤ White	24,714	0
<b>Total</b>	<b>209,925</b>	

**Population Gender according to the 2001 census were as follows :**

➤ Female	107,510	1
➤ Male	102,415	0
<b>Total</b>	<b>209,925</b>	

**Employment**

Agriculture is the major industry in the district contributing to job creation and economic growth. The main farming activities consists of livestock farming, irrigation farming and communal farming. Tourism is also one the most important sectors within the Siyanda District Municipal Area. The following National Parks and Reserves can be found within the Siyanda District Municipal Area :

- Kgalagadi Transfrontier Park
- Spitskop Nature Reserve
- Augrabies National Park
- Witsand Nature Reserve

Mining activity occurs in the Tsantsabane and Kgatelopele local municipal areas where manganese, diamonds and ash (for producing cement) are found.

Employment figures per Industry according to the 2001 Census were the following :

Industry	Number
Agriculture/Forestry/Fishing	25,157
Community/Social/Personal	8,282
Wholesale/Retail	6,128
Private Households	5,298
Undetermined	4,075
Manufacturing	2,989
Financial/Insurance/Real Estate/Business	2,595
Construction	2,163
Mining/Quarrying	1,948
Transport/Storage/Communication	1,414
Electricity/Gas/Water	306
Other	3

Employment figures of Siyanda population according to the 2001 census were as follows :

Name of Municipality	Employment Status	Number	Percentage
Kai! Garib	Employed	21,993	1
	Unemployed	4,692	0
Mier	Employed	1,140	1
	Unemployed	564	0
//Khara Hais	Employed	17,911	1
	Unemployed	9,699	0
! Kheis	Employed	4,407	1
	Unemployed	1,169	0
Tsantsabane	Employed	6,331	1
	Unemployed	4,461	0
Kgatelopele	Employed	3,995	1
	Unemployed	1,765	0
DMA	Employed	4,581	1
	Unemployed	99	0
<b>Total</b>	<b>Employed</b>	<b>60,358</b>	<b>1</b>
	<b>Unemployed</b>	<b>22,449</b>	<b>0</b>



### **1.3 EXECUTIVE SUMMARY**

#### **1.3.1 Vision**

To be a model economically developed district where there is a quality of life for our citizens.

#### **1.3.2 Mission Statement**

To enhance economic development for the benefit of the community of the Siyanda district area. We do this by creating and maintaining an effective administration and a safe environment to attract tourists and investors.

#### **1.3.3 Statement of goals and priorities :**

The following are overall strategic goals and priorities of the municipality :

- To provide strong civic leadership and good governance which builds stakeholder confidence and engenders a strong sense of common purpose among all stakeholders;
- To transform and build an efficient administration that cares and serves the people of Siyanda with excellence;
- Ensure economic growth and creation of jobs;
- Ensure an attractive environment with clean, well kept natural spaces, parks and well maintained built environment;
- Ensure that Siyanda is a safe and secure place to live in, visit and do business in;
- To contribute towards the decrease in mortality and infection rates affected by HIV/AIDS related diseases as well as to address the negative economic impact it has on productivity;
- Contribute to the reduction teenage pregnancy and crime rate in the community;
- Promote and strengthen the tourism industry with special attention given to community tourism;
- Improve the municipality's abilities and capacity to play a coordinating role in land reform;
- Capacity building and upgrading of equipment in order to create an effective functioning Disaster Management Centre; and
- To ensure that the finances of the municipality are managed sustainably.

#### **1.3.3 Statement of the municipality's relative financial viability**

##### **1.3.3.1 Review of Financial Policies**

- Financial policies have been updated with the principles as laid down in the Municipal Finance Management Act (56 of 2003). The most important being :
  - Supply Chain Management Policy
  - Credit Control Policy
  - Debt Collection Policy
  - Fixed Asset Management Policy

### 1.3.3.2 Improved Financial Systems and Control

- The implementation of the budget reform initiatives from National Treasury are 100% in place and the budget return for 2007/2008 was done in the prescribed format.
- Siyanda District Municipality is in the process of implementing the Generally Accepted Municipal Accounting Practices (GAMAP/GRAP) and will be fully compliant in the 2008/2009 financial year.

### 1.3.3.3 Improvement of Medium Term Financial Viability

- The financial position of the council can best be determined by examining the ability of council to meet its short and long term obligations.
  - Liquidity is the indicator that determines whether a municipality will be able to meet its short term obligations and is as follows:

$$\text{Liquidity} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The norm for this equation is 2:1. This means the municipality will be able to meet its short term obligations.

- Solvency is the indicator that determines whether a municipality will be able to meet its long term liabilities. It further indicates that if the municipality is dissolved whether the sale of assets will be sufficient to cover long term liabilities like loans.

Solvency can be illustrated as follows:

$$\text{Solvency} = \frac{\text{Fixed Assets}}{\text{Long term Liabilities}}$$

If the result of this equation is greater than one it indicates that the municipality will be able to meet its long term obligations.

On 30 June 2007 the liquidity and solvency of council were as follows :

▪	Liquidity	=	$\frac{16,504,444}{6,578,667}$
		=	3
▪	Solvency	=	$\frac{13,144,058}{5,416,369}$
		=	2

- Creditor payment days is 98 days. This means it takes the municipality on average 98 days from date of invoice to settle their outstanding creditors. The norm for municipalities is 90 days. (According to Section 65(2)(e) of the MFMA invoices should be paid within 30 days)
- Debtor recovering days is 120 days. This means a consumer takes on average 4 months to settle their municipal accounts. The norm for municipalities is 100 days.

2. **ASSESSMENT OF PERFORMANCE.**

**2.1 Annual performance report for 2007/8**

The annual performance report for 2007/8 is included as **Appendix A**. The report addresses the performance achieved and steps that have been taken to improve performance.

**2.2 Backlogs**

To ensure that minimum services are provided, municipalities need to ensure that service delivery infrastructure is in place and properly maintained. This will require new infrastructure to be built and existing infrastructure to be maintained. Hence there are two components to municipal spending required to eliminate backlogs: new infrastructure and renewal of existing infrastructure. Routine maintenance of infrastructure will also be required to ensure that additional backlogs are not created.

The attached table (**Appendix B**) provides information, per sector or functional area, to address backlogs through new infrastructure or renewal of existing infrastructure. This information will assist residents and other users of the annual reports to determine, amongst others, the extent of service delivery challenges facing the municipality and how it has performed in addressing those challenges.

3. **HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT.**

**3.1 Number of staff per function :**

SIYANDA DISTRICT MUNICIPALITY SUMMARY OF PERSONNEL NUMBERS PER FUNCTION (Full Time Equivalent)		Audited Actual 2007/2008
<b><u>Municipality</u></b>		
Councillors (Political Office Bearers plus Other)	18FTE	18
Senior Managers including Municipal Manager (s 57 of Systems Act)	4FTE	4
Councillor Administration	4FTE	4
Finance	13FTE	13
Community Services	13FTE	13
Administration	8FTE	8
Human Resources	5FTE	5
Environmental Health	2FTE	2
Security	7FTE	7
LED	2FTE	2
Tourism	3FTE	3
Office of the Municipal Manager	1FTE	1
Internal Auditor	1FTE	1
Audit Committee	3FTE	3
PIMMS	2FTE	2
Disaster Management	6FTE	6
Roads	75FTE	75
Interns : Finance	3FTE	5
Learnerships	3FTE	3
<b>Sub Total - Municipality</b>		
<b>TOTAL PERSONNEL NUMBERS</b>	<b>175FTE</b>	<b>175</b>

\* FTE - Full Time Staff Equivalent

**3.2 Skills and level of education attained by staff :**

SIYANDA DISTRICT MUNICIPALITY SUMMARY OF PERSONNEL NUMBERS - SKILL LEVEL (Full Time Equivalent)		Audited Actual 2007/2008
<b>Municipality</b>		
Councillors (Political Office Bearers plus Other)		18FTE
Senior Managers including Municipal Manager (s 57 of Systems Act)		4FTE
Other Managers		9FTE
Technical/Professional Staff		17FTE
Other Staff (Clerical,labourers etc.)		147FTE
<b>Sub Total - Municipality</b>		
<b>TOTAL PERSONNEL NUMBERS</b>		<b>195FTE</b> *

\* FTE - Full Time Staff Equivalent

### 3.3 Trends on staff expenditure

Description	2007/2008 Financial Year	2006/2007 Financial Year	2005/2006 Financial Year
Staff Expenditure Budget	19,424,296	18,637,477	12,309,469
Staff Expenditure Budget : Agency Services	8,882,718	7,364,141	7,367,792
Actual Staff Expenditure	8,585,468	15,084,891	11,258,547
Actual Staff Expenditure : Agency Services	7,630,958	6,352,549	5,500,059
Variance	-55.80%	-19.06%	-8.54%
Variance : Agency Services	-14.09%	-13.74%	-25.35%
Percentage of Staff Expenditure as Percentage of Total Expenditure	36.35%	31.3%	17.7%
Percentage of Staff Expenditure as Percentage of Total Expenditure : Agency Services	88.68%	20.49%	20.81%

### 3.4 Pension and Medical Funds

The staff of Siyanda District Municipality are members of the following pension and medical funds :

#### 3.4.1. Pension Funds

Fund	Members
Cape Joint Retirement Fund	109
Cape Joint Pension Fund	4
National Fund Of Municipal Workers	11
Municipal Councillors Pension Fund	8
SAMWU National Provident Fund	6
<b>Total</b>	<b>138</b>

#### 3.4.2. Medical Funds

Fund	Members
LA Health	9
Bonitas	23
SAMWUMED	6
MUNIMED	4
<b>Total</b>	<b>42</b>

### 3.5 Disclosure on Councillors and Senior Management Benefits

The disclosure on Councillor and Senior Management allowances and benefits for 2007/8 are included as **Appendix C and Appendix D.**

## **4. ANNUAL FINANCIAL STATEMENTS FOR 2007/2008.**

### 4.1 2007/2008 Annual Financial Statements

The annual financial statements have been compiled within the prescribed period and is attached hereto as **Appendix E.** The financial statements have been prepared in accordance with standards laid down by the Institute of Municipal Finance officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition - January 1996). Where necessary, explanatory notes are given.

### 4.2 Quarterly information on grants

Grant Name/ Purpose / Project	Amount received and spent each quarter									
	1 Jul 2007 to 30 Sep 2007		1 Oct 2007 to 31 Dec 2007		1 Jan 2008 to 31 Mrch 2008		1 Apr 2008 to 30 Jun 2008		Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Rec	Exp	Rec	Exp	Rec	Exp	Rec	Exp	Rec	Exp
I MSIG	500	144	500	170	-	271	-	403	1,000	988
II FMG	500	145	-	155	-	108	-	107	500	515
III Library Dev	-	-	-	-	-	-	-	-	-	-
IV Health Grant	-	157	27	181	-	159	-	165	27	662
V Housing Grant	-	-	-	-	-	1	1,000	69	1,000	70
VI MIG	397	1,217	850	915	1,725	1,448	1,701	468	4,673	4,048
VII Equitable Share	9,999	7,450	7,499	7,450	12,499	7,450	0	7,647	29,997	29,997
VIII Dept of Transport	1,889	856	2,834	1,285	2,754	1,499	2,975	642	10,452	4,282

#### **I MSIG - Municipal Systems Improvement Grant**

Purpose of the grant is 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.

**Example** Development and Implementation of policies and procedures, billing systems, valuation rolls, implementation of Performance Management System, Review of IDP and skills development.

#### **II FMG - Local Government Financial Management Grant**

Purpose of the grant is to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

**Example** Upgrading of IT systems, preparation of multi-year budgets meeting uniform norms and standards, implementation of supply chain management reforms, accounting reforms and timely financial statements.

#### **III Library Development Grant**

Purpose of the grant is to improve staff capacity at community libraries and library infrastructure development.

**Example** Purchase equipment, purchase of books, community development programs etc.

#### **IV Primary Health Care Grant**

Purpose of the grant is to subsidise the provision of primary health care services within the municipal area.

**Example** Payment of health care officials salaries, purchase clinic materials and maintenance of clinics.

#### **V Housing Grant**

Purpose of the grant is the installation of a water network with metered water connections, the installation of a sewer network with sewerage connections and the construction of gravel roads for 300 sites in Maranteng and 485 stands in Groenwater.

#### **VI MIG - Municipal Infrastructure Grant**

The purpose of the grant is to supplement capital finance for basic municipal infrastructure. To provide

**Example** To provide for new municipal infrastructure and rehabilitation and upgrading of existing ones. To eradicate the bucket sanitation system mainly in urban townships. Prioritise residential infrastructure for water, sanitation, refuse removal, streets lighting, solid waste, and bulk infrastructure, and other municipal infrastructure like roads.

#### **VII Equitable Share**

The equitable share allocation to the local sphere of government takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities. It consists of the following two components :

##### **1. The basic services component**

Municipalities are expected to provide water, sanitation, electricity, refuse removal and other basic services. The purpose of the basic services component is to enable municipalities to provide basic services and free basic services to poor households.

The characteristics of the basic services component are:

- Supporting only poor households earning less than R940 per month.
- Distinguishing between poor households provided with services and those provided with lesser or no services.
- Recognising water reticulation, sanitation, refuse removal and electricity reticulation as the core services.
- Providing for environmental health care services to all households, not only poor ones.

##### **2. The institutional support component**

The institutional support component is particularly important for poor municipalities, which often are unable to raise sufficient revenue to fund the basic costs of administration and governance. Such funding gaps make it impossible for poor municipalities to provide basic services to all their residents, clients and businesses. The component supplements the funding of a municipality for administrative and governance costs, but does not fully fund the entire administration and governance cost of a municipality, this remains the primary responsibility of each municipality.

5. **AUDITOR GENERAL'S AUDIT REPORTS.**

Audit activities by the Auditor-General commenced in August 2008. The audit Reports of the Auditor-General were not received by the time of compilation of this report. The report of the Auditor-General in terms of section 126 of the MFMA will be attached as **Appendix F** as soon as it is received. This report covers the audit on the financial statements of council.

The report of the Auditor-General in terms of section 45(b) of the Municipal Systems Act no 32 of 2000 will be attached as **Appendix F**. This report covers the audit on the performance management system of council.

6. **RESPONSE TO ISSUES RAISED IN AUDIT REPORTS.**

The Municipality's comments in the same sequence as the report is attached as **Appendix G**.

7. **ASSESSMENT OF ARREARS.**

Total outstanding consumer debtors were R on 30 June 2008 and can be broken down as follows:

Service	90 Days +	60 Days	30 Days	Current	Total
Administration	60,860	554	554	554	62,523
Sewerage	53,422	867	867	867	56,022
Refuse removal	153	-	-	-	153
Water	118,041	3,871	2,018	3,791	127,720
<b>Total</b>	<b>232,477</b>	<b>5,292</b>	<b>3,438</b>	<b>5,211</b>	<b>246,418</b>

8. **FUNCTIONAL AREA SERVICE DELIVERY REPORTING**

Comprehensive information regarding service delivery on each functional area are attached as **Appendix H**.

9. **CONCLUSION**

The annual report needs to be handled by council in terms of section 129 of the Local Government : Municipal Finance Management Act No 56 of 2003. It is suggested that a task team consisting of three councillors be formed for this purpose.

**ANNUAL PERFORMANCE REPORT FOR SIYANDA DISTRICT MUNICIPALITY FOR THE  
2008/2009 FINANCIAL YEAR.**

**INTRODUCTION.**

Section 46 of the Local Government Systems Act No 32 of 2000, as amended by section 6 of the Local Government : Municipal Systems Amendment Act No 44 of 2003 states as follows :

**“Annual performance reports**

- 46(1)** A municipality must prepare for each financial year a performance report reflecting-
- (a) the performance of the municipality and of each external service provider during that financial year;
  - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
  - (c) measures taken to improve performance.
- 46 (2)** An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act”

The ensuing report therefore serves as an assessment of the performance of Siyanda District Municipality for 2006/7 in accordance with the above procedures.

**TARGETS AND PERFORMANCE**

This is the first annual report and therefore there will be no comparison with targets set in the previous financial year as required in terms of section 46(1)b of the Local Government : Systems Act.

**2.1 Capital Expenditure.**

The targets set in the capital budget were the following

<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>R</b>
<b><u>FURNITURE AND EQUIPMENT</u></b>	
Municipal Manager	25,000.00
Disaster Management	10,500.00
Environmental Health	10,500.00
LED / Tourism Unit	10,000.00
PIMMS	12,500.00
Council Services	15,000.00
Council Administration	15,000.00
Internal Audit	10,831.00
Financial Services	152,000.00
Information Technology	21,000.00
Information Technology: Computer Equipment	525,000.00
Engineering Services	20,837.00
O & M Unit	21,000.00
Housing Unit	21,000.00
Personell Services	12,075.00
Properties Upington	37,044.00
Administration & Liaison Services	60,116.00
Security Services	10,000.00
Roads Overhead Costs : Tools	-
DMA RVM Sending	17,364.00
DMA RVM Sending : Tools	13,500.00
DMA RVM Vredesvallei	17,364.00
DMA Swartkopdam	17,550.00
<b>SUB - TOTAL</b>	<b>1,055,181.00</b>



**NEW PROJECTS COUNCIL FINANCING**

Fencing Projects	100,000.00
Disaster Management Projects	50,000.00
Building of Electrical Lines DMA Area	225,000.00
Haulage Graders	120,000.00
Vehicles	350,000.00
Upgrading of Head office - planning	70,000.00
Properties	60,000.00
<b>SUB - TOTAL</b>	<b>975,000.00</b>

**RIEMVASMAAK PROJECTS**

Streets	125,000.00
Electrical Connections Rvm	20,000.00
Erection of Subsidy Houses	4,750,600.00
Job Creation Projects	50,000.00
Service of new stands	50,000.00
Peg out of new stands	60,000.00
Sanitation Projects - Tiolets	200,000.00
<b>SUB - TOTAL</b>	<b>5,255,600.00</b>

**SWARTKOPDAM**

Moving of Solar Panels	60,000.00
Chlorination Plant	70,000.00
Tiolets	20,000.00
Solar Panel Streetlights	60,000.00
Building of Streets	120,000.00
<b>SUB - TOTAL</b>	<b>330,000.00</b>

**CAPITAL PROJECTS CATEGORY B MUNICIPALITIES**

O & M Unit	206,000.00
Housing Accreditation	500,000.00
<b>SUB - TOTAL</b>	<b>706,000.00</b>

<b>Total</b>	<b>8,321,781</b>
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Targets for the completion of the capital expenditure were not set through a SDBIP (Service Delivery and Budget Implementation Plan), but it implicates that the capital expenditure would be spent 100%.

## 2.2 Revenue.

As far as revenue is concerned, the projected budgeted revenue forms the basis of performance measurement. The schedule of budgeted revenue for the 2008/2009 financial year per source are as follows :

<b>OPERATING REVENUE BY SOURCE</b>	<b>R</b>
➤ Government subsidy's	33,654,200
➤ Administration costs	1,133,400
➤ Rental received	48,295
➤ Sundry	6,058,976
➤ Administration	742,349
➤ Levies	1,404,000
➤ Interest income	115,000
➤ Income for agency services	13,000,600
<b>Total</b>	<b>56,156,820</b>

## 2.3 Operating Budget.

Targets for operational expenditure were not set through a SDBIP (Service Delivery and Budget Implementation Plan).

The comparison between actual expenditure and the budget estimates on the respective types of expenditure forms the basis for measurement. Each Head of Department is responsible for budget control in his/her respective Department. Monthly budget reports are submitted to Council and all Heads of Departments to inform them of any possible over-expenditure on certain types of expenditure.

It is then the responsibility of Council to implement necessary control measures to ensure possible irregular, fruitless and wasteful expenditure are not incurred.

**PERFORMANCE.****3.1 Capital Expenditure.**

The total capital budget was R6,617,474 for the 2007/2008 financial year of which R 4,219,190 were spent as follows :

<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>Budget 2007/2008</b>	<b>Actual 2007/2008</b>
➤ Executive and Council	132,840	891,054
➤ Finance & Admin	1,671,922	923,561
➤ Planning & Development	20,396	-
➤ Health	10,000	-
➤ Community & Social Services	4,706,700	2,404,576
➤ Public Safety	59,866	-
➤ Road Transport	15,750	-
<b>Total</b>	<b>6,617,474</b>	<b>4,219,190</b>

Capital expenditure was R2,398,284 or 36,24 % less than what was budgeted for 2007/2008. The main reasons for the variances are as follows:

**1. Executive and Council**

Capitalisation of assets that has previously been acquired create this variance.

**2. Finance & Administration**

Due to savings measures only 55% of the budgeted amount were spent.

**3. Planning & Development**

The variance of 100% is because the budgeted items were not acquired during the year under review, due to vacant positions in the PIMMS section.

**4. Health**

The variance of 100% can be attributed to the fact that the department have initially budgeted for furniture & equipment that were not acquired during the year under review.

**5. Community & Social Services**

The late appointment of the staff members for the newly established units contribute to the underspending in the department, for the year under review.

Erection of subsidy houses in Riemvasmaak 0% spending - waiting on approvals from Dept of housing  
Infrastructure projects only approximately 50% completed.

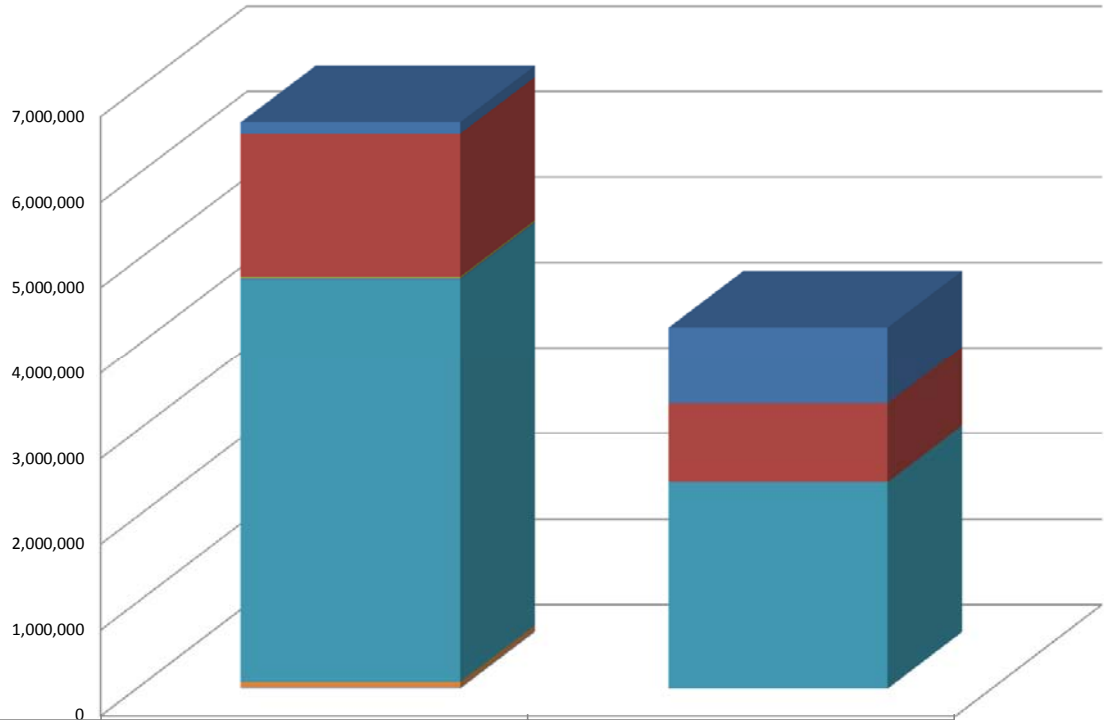
**6. Public Safety**

No expences were acquired for funiture & equipment during the 2007/2008 bookyear. The grant monies were received late and covered only for personnel expences.

**7. Road Transport**

The grant receives only cover for operating cost of the department.

**2007/2008 CAPITAL EXPENDITURE : BUDGET vs ACTUAL**



Executive and Council	132,840	891,054
Finance & Admin	1,671,922	923,561
Planning & Development	20,396	0
Health	10,000	0
Community & Social Services	4,706,700	2,404,576
Public Safety	59,866	0
Road Transport	15,750	0

**3.2 Revenue.**

Efficient and optimum performance in revenue collection translates into a better life for all as more funds are available for the provision of services. The schedule of revenue is as follows :

<b>OPERATING REVENUE</b>	<b>Budget 2007/2008</b>	<b>Actual 2007/2008</b>
‣ Government subsidy's	33,654,200	37,319,125
‣ Administration costs	1,133,400	986,632
‣ Rental received	48,295	30,514
‣ Insurance Claims Revenue	100,000	17,705
‣ Recoveries Fire Fighting	11,025	-
‣ Engineering Works Recoverings	375,000	-
‣ Sales - General	136,159	181,890
‣ Monies Sundries	176,000	114,291
‣ Photostatic Copies	41,830	-
‣ Fines - Regional Levies	4,000	13,904
‣ Debtors Recoveries	1,500,000	105,282
‣ Building Plan Fees	1,103	292
‣ Administration	742,349	64,256
‣ Levies	1,404,000	1,357,359
‣ Interest income	115,000	128,312
‣ Income for agency services	16,632,244	13,609,949
<b>Total</b>	<b>56,074,605</b>	<b>53,929,512</b>

**Reasons for revenue variances :****Government subsidy's**

The MIG & Equitable Share received from the national departments were more than the amounts that was declared in the DORA.

**Administration costs**

The Department of Transport only paid the grant for 11 months, and held back the monies payable by the Council for the roads & transport levy.

**Rental received**

One of the houses were sold to the tenant therefor the difference.

**Insurance Claims Revenue**

The insurance claims were minimal in comparison to the previous year therefore the little refund.

**Recoveries Fire Fighting**

The council did not receive any money in relation to fire fighting incidents.

**Engineering Works Recoverings**

No works were done during this year that could have been recovered from third parties.

**Sales - General**

The over recovery were gain during an auction which the administration has held.

**Monies Sundries**

The variance of 35% can be attributed to the under recovery of budgeted amounts which the administration has anticipated to recover on sundry services performed.

**Photostatic Copies**

No recoveries were made for photo copies made.

**Fines - Regional Levies**

The appointment of Metropolitan Inspection Services & notices that were sent out to levy payers contribute to the over recovery of fines on regional levies.

**Debtors Recoveries**

The under recovery is due to the decrease in personnel debtors since the implementation of the MFMA.

**Building Plan Fees**

The under recovery of building plan fees can be attributed to the difficult economic circumstances that were experienced.

**Administration**

The variance can be attributed to the over budgeted amounts.

**Levies**

The appointment of Metropolitan Inspection Services & notices that were sent out to levy payers contribute to the 97% recovery of regional levies.

**Interest income**

The over recovery of interest can be attributed to the increase of interest rates .

**Income for agency services**

The Department of Transport only paid the grant for 11 months, and held back the monies payable by the Council for the roads & transport levy.

The total debtor payment percentage (Excluding indigent support) for the period 1 July 2007 to 30 June 2008 was 21.21%. This is an improvement of 13.32% from the 2006/2007 financial year

On 30 June 2008 Siyanda District Municipality had 254 registered indigent households. The municipality provide the following free basic services to these indigents :

Water : 6 kilolitre per month

Sewerage : free basic sanitation

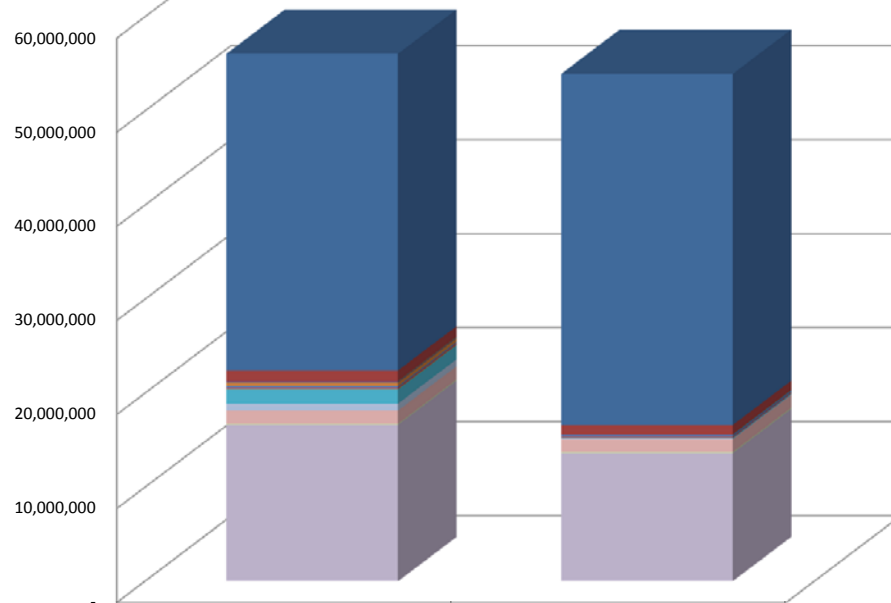
Refuse Removal : free refuse removal

Electricity : 50 kWh per month

The total subsidy provided for the 2007/2008 financial year amounted to R1,230,524. Taking this into account the debtor payment percentage including indigent support was 65% for the 2007/2008 financial year.

Total outstanding debtors decreased by R853,260 from R5,310,277 for the 2006/2007 financial year to R6,163,537 for the 2007/2008 financial year. This increase is due to the fact that a 100% debtor payment percentage were not achieved.

### 2007/2008 REVENUE : BUDGET vs ACTUAL



	Budget 2007/2008	Actual 2007/2008
Government subsidy's	33,654,200	37,319,125
Administration costs	1,133,400	986,632
Rental received	48,295	30,514
Insurance Claims Revenue	100,000	17,705
Recoveries Fire Fighting	11,025	-
Engineering Works Recoverings	375,000	-
Sales - General	136,159	181,890
Monies Sundries	176,000	114,291
Photostatic Copies	41,830	-
Fines - Regional Levies	4,000	13,904
Debtors Recoveries	1,500,000	105,282
Building Plan Fees	1,103	292
Administration	742,349	64,256
Levies	1,404,000	1,357,359
Interest income	115,000	128,312
Income for agency services	16,632,244	13,609,949

### 3.3 Operating Budget.

The operating budget excluding agency services was R 53,437,706 for the 2007/2008 financial year of which R 34,870,962 was spent as follows :

<b>OPERATING EXPENDITURE</b>	<b>Budget 2007/2008</b>	<b>Actual 2007/2008</b>
➤ Salaries and wages	19,424,296	16,216,426
➤ General expenses	14,207,083	9,867,583
➤ Repairs and maintenance	1,790,610	1,068,153
➤ Capital finance charges	-	340,715
	<hr/>	<hr/>
	35,421,989	27,492,877
➤ Capital expenditure	4,693,445	526,740
➤ Priority Grants	2,584,554	6,851,344
<b>Total</b>	<b>42,699,988</b>	<b>34,870,962</b>

Operating expenditure was R 7,829,026 or 18% less than what was budgeted for 2007/2008. The main reasons for the variances are as follows:

#### **1. Salaries and wages**

Variances of 16% are due to the new & vacant positions that were not filled during the year under review.

#### **2. General expenses**

The variance of 38% can be attributed to the following:

- Depreciations not yet performed
- Valuations were not yet at 75% to be paid
- IDP Sector plans budget not spent
- General savings methods from the administration

#### **3. Repairs and maintenance**

The variance of 40% can be attributed to the fact that council has over budgeted on repairs & maintenance.

#### **4. Capital finance charges**

The variance of 100% can be attributed to fact that the administration did not budget for the capital charges incurred on loans taken up.

#### **5. Capital expenditure**

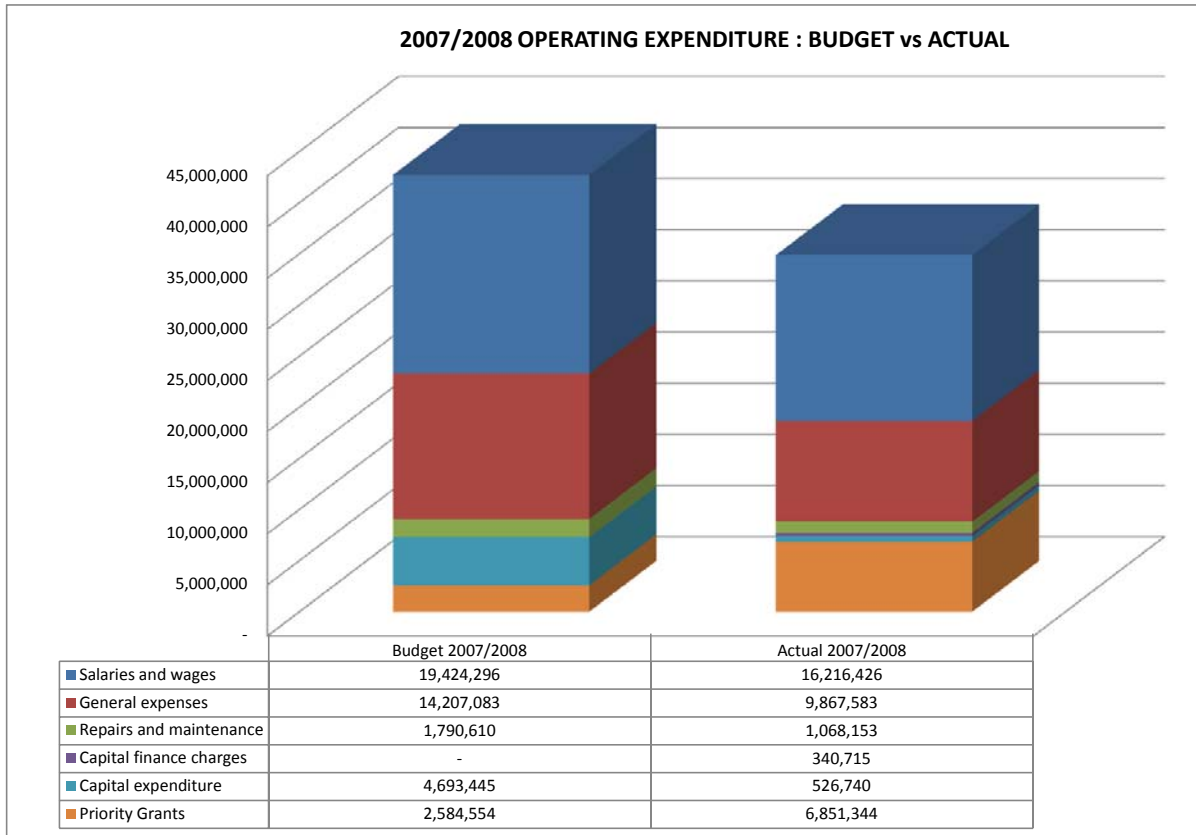
The variance of 89% can be attributed to the fact that MIG, MSIG & DWAF projects has been treated as trustfunds. The income receive as well as the expenditure incurred were disclose on the IMFO format,as trustfund activities.



## 6. Priority Grants

The variance of 165% can be attributed to the fact that the council has made payments on behalf of local municipalities to the Development Bank of South Africa. These payments were in respect of instalments that were in arrears & new capital projects.

Tsantsabane Sewerage Upgrading	915,779.92
//Khara Hais Municipality	525,839.47
Kai! Garib Municipality	88,338.71
Eradication of Bucket System	378,070.17
Electrification - DPLG Provincial	155,970.68
Water & Sanitation Projects MIG	4,787,344.89
	<u><u>6,851,343.84</u></u>



The operating budget for agency services was R 10,016,968 for the 2007/2008 financial year of which R 15,004,367 was spent as follows :

OPERATING EXPENDITURE	Budget 2007/2008	Actual 2007/2008
<b>AGENCY SERVICES</b>		
➤ Salaries and wages	8,882,718	7,630,958
➤ General expenses	3,464,250	6,317,543
➤ Repairs and maintenance	470,000	1,055,866
➤ Rentals	-	-
➤ Capital expenditure	-	-
➤ Sundry Payments	-	-
<b>Total</b>	<b>12,816,968</b>	<b>15,004,367</b>

Operating expenditure of agency services was R 3,027,399 or 30% more than what was budgeted for 2007/2008. The main reasons for the variances are as follows :

1. **Salaries and wages**

The variance of 19% can be attributed to the fact that employees resigned within the Roads Agency Unit.

2. **General expenses**

The variance of R3,693,293 are mainly because of the overspent on fuel & oil, which can be attributed to the increase in oil prices during the year and the excessive usage of fuel and oil during the EPWP Project.

3. **Repairs and maintenance**

The variance of R585,866 can be attributed to the increased repairs and maintenance on the usage of plant during EPWP Project.

4. **Rent Paid**

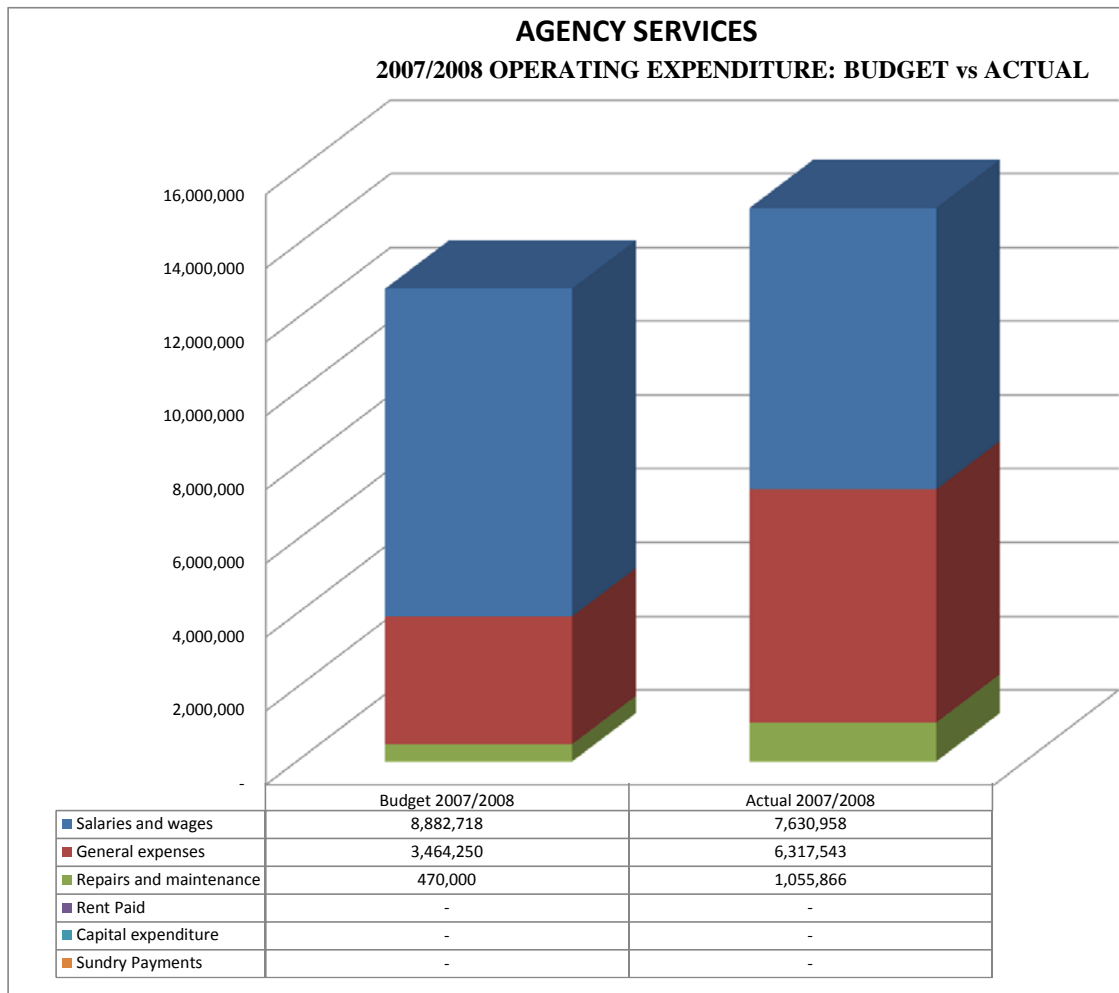
No budgeted or actual amounts on rent paid.

5. **Capital expenditure**

No budgeted or actual amounts on capital expenditure.

6. **Sundry Payments**

No budgeted or actual amounts on sundry payments.



**CONCLUSION**

This report has been compiled in compliance with section 46 of the Local Government Municipal Systems Act 32 of 2000. The purpose is not only for compliance but to report on the performance of Mier Municipality as widely as possible.

The community and all stakeholders are therefore invited to submit comments in order to promote better performance and encourage excellence.

All such submissions may be made as follows:

The Municipal Manager  
Siyanda District Municipality  
c/o Hill & Le Roux Street  
UPINGTON  
8800

Fax : 054 337 2888

**SIYANDA DISTRICT MUNICIPALITY  
SERVICE DELIVERY BACKLOGS**

	30 JUNE 2007 (2006/2007)					
	Required		Budgeted		Actual	
<b>Water Backlogs (6 Kl per month)</b>						
Backlogs to be eliminated (Households not receiving minimum standard of service)						
Backlogs to be eliminated (% - HH identified as backlogs/total HH in Municipality)						
Spending on new infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on renewal of existing infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Total spending to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on maintenance to ensure no new backlogs created (Rand)	R	-	R	-	R	-
<b>Sanitation Backlogs</b>						
Backlogs to be eliminated (Households not receiving minimum standard of service)						
Backlogs to be eliminated (% - HH identified as backlogs/total HH in Municipality)						
Spending on new infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on renewal of existing infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Total spending to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on maintenance to ensure no new backlogs created (Rand)	R	-	R	-	R	-
<b>Refuse Removal Backlogs</b>						
Backlogs to be eliminated (Households not receiving minimum standard of service)						
Backlogs to be eliminated (% - HH identified as backlogs/total HH in Municipality)						
Spending on new infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on renewal of existing infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Total spending to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on maintenance to ensure no new backlogs created (Rand)	R	-	R	-	R	-
<b>Roads Backlogs</b>						
Backlogs to be eliminated (No of Km's not providing minimum standard of service)						
Backlogs to be eliminated (% - Km's identified as backlogs/total Km's in Municipality)						
Spending on new infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on renewal of existing infrastructure to eliminate backlogs (Rand)	R	-	R	-	R	-
Total spending to eliminate backlogs (Rand)	R	-	R	-	R	-
Spending on maintenance to ensure no new backlogs created (Rand)	R	-	R	-	R	-





