

*Sundays River Valley
Municipality*



Annual Report

2007 / 2008

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1. CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 MAYOR'S FOREWORD

Once again I am pleased to present this third annual report for and on behalf of Sundays River Valley Municipality and its residents. This report includes a record of activities of the municipality and the evaluation of our performance in service delivery and budget implementation. I am proved to account and report on impressive improvement on service delivery targets in response to the promises we made to our communities. In my foreword for the 2008/2009 IDP I referred to our responsibility as "to give effect to the provisions of Section 152 of the South African Constitution". I further provided our 5 (five) key priority areas and what delivery expectations are to be satisfied.

On the provision of infrastructure and basic services we targeted Paterson area for rigorous investment in bulk water supply. To date 6 (six) boreholes have been provided for Paterson community and the EIA process to construct a pipeline from Ceasers Dam in Addo to Paterson has been completed. On a budget of R18 million for Paterson we spent R1 554 000.00 on the design, the laying of pipes and the EIA.

The following table is a summary of completed capital projects for the financial year 2007/2008.

Project Name	Ward	Budget	Actual	Budget vs Actual (%)
Bucket Eradication Phase 2	Paterson	R4,443,420.00	R4,175,777.89	93.98
Langbos VIP's	Langbos	R342,000.00	R342,000.00	100.00
P.M.U (5%)	SRVM	R648,380.00	R648,380.00	100.00
Waterborne Sewerage	Aqua Park	R2,493,000.00	R2,695,777.25	108.13
Waterborne Sewerage phase 1	Moses Mabida	R2,240,018.00	R2,613,433.14	116.67
Cold Storage (SMIF)	Addo	R3,365,614.00	R3,365,614.00	100.00
Additional Storage Pond	Kirkwood	R103,425.82	R103,425.82	100.00
TOTALS		R13,635,857.82	R13,635,857.75	100.00

The infrastructure development projects have proven effective because they respond to the following socio-economic opportunities:

- Employment opportunities.
- 90% of local contractors were afforded an opportunity to participate in housing development projects.
- Infrastructure interventions targeted mostly poor residential areas.
- All the developments took environmental sustainability into consideration.

It should be mentioned as well that the challenge that the municipality faces is the maintenance budget for this valuable infrastructure investment.

Under social and economic development I'm proud to announce that during citrus season almost 95% - 100% of all economically active population become employed for 6 (six) months. The other 6 (six) months unemployment rises to 44% henceforth we are embarking on the development of agro-processing initiatives and housing development to reverse this reliance on seasonal employment. There are no serious high crime rates reported by our police stations. Our sport and recreational facilities need to be upgraded and the present situation puts us at a disadvantage for some of the 2010 opportunities. The HIV/Aids estimates for 2007 were 4868 (12,21%). Some of the aggravating factors may be attributed to the high influx of youth seeking employment during citrus season and beyond. The HIV positive individuals steadily decreased from 5000 in 2006 to 4868 in 2007. This may suggest that our education and awareness campaigns are playing a significant role. The traffic department, one of the revenue generation projects, was officially opened in 2007 and the traffic testing grounds are in the process of being built.

The municipality puts emphasis on special programmes and we have ensured that the special programmes were mainstreamed in all the other departmental programmes. Participatory structures in the form of disabled people's forum, youth forum and women forum were put in place. The municipality also participated in a back to school campaign with other departments by supplying school uniforms and stationery to needy children. In order to address the skills deficit, internship programmes and learnerships were the route we took.

The White Paper on the Transformation of the Public Service of 1995 and the Public Service Regulation of 1999 and 2001 seek to transform a culture of Public Service delivery that prescribes the service packages to citizens at the centre of service delivery. The above necessitates the municipality to take IDP and Budget community consultations and the Mayor's Outreach Programmes very seriously. In doing so, the filling of budgeted vacant posts, Human Resource Development and organizational capacity building are imperative if we want happy customers at the end. Our municipal vision and development objectives exist solely to instill that sense of common purpose and give direction for all service delivery actions. I thank all my fellow Councillors, the staff for their continued support through thick and thin.

1.2 OVERVIEW OF THE MUNICIPALITY

The Sundays River Valley Local Municipality is in the Eastern Cape and is one of the 9 (nine) local municipalities in the Cacadu District. It is approximately 50km from the Coega Industrial Zone at

Nelson Mandela Metro. Our Addo Cold Storage is strategically located in the sphere of influence of the Coega harbour. The municipality boasts with its eco-tourism and agricultural potential. The Addo Elephant National Park (AENP) and Citrus production are two important economic drivers in the Sundays River Valley Municipality. The AENP has given rise to a number of booming B&B's and private lodges.

The valley is characterized by harsh climate conditions with summer temperatures rising in excess of 40°C. Rainfall is spread over the year and is between 250 – 500mm per annum. The Valley is also characterized by wide, fertile flood plains and is associated with low – lying land and steep less fertile slopes flanking the Valley. The area outside the Sundays River Valley includes the Paterson area, coastal belt and west of Alexandria.

The land ownership in the study area is depicted herein under:

- 518 and 407 ha is owned by the Sundays River Valley Municipality in the urban and rural area, respectively.
- 63 and 74 324 ha is owned by the state in the urban and rural area, respectively.

The Sundays River Valley Municipality has achieved 28,40% of land redistribution.

DEMOGRAPHIC FACTORS

- Population: 41 464 (2001 census) and 34 933 (2007 survey) These figures are disputed by Council as not reflective of the existing reality
- Households: 10 529 (2001 census)
- Males constitute 48,1% and Females 51,9% of the total population
- Blacks constitute 76,5% of the total population
- The 2007 Statistics South Africa survey suggests a difference of 927 between males and females in favour of males.
- 1 297 people are recorded to have physical disability.
- People with disability at institutions are estimated at 789.
- Categories of disability are sight, hearing, communication, physical, emotional and intellectual.
- Social grants recipients in 2007 were as follows:
 - (a) Old age pension: 1973
 - (b) Disability: 1991
 - (c) Child Support: 4292
 - (d) Grant in aid: 38
 - (e) Care dependency: 244

ECONOMIC INDICATORS

- Rate of literacy is 55,5%
- 437 people are identified as having attained but not completed Grade 12 (2007 survey)
- People living in poverty has increased from 54,6% in 2001 to 60,3% in 2007 (i.e. 22559 people)
- Employment status

POPULATION	EMPLOYED	UNEMPLOYED	NOT ECON. ACTIVE
Black	4720	1251	6556
Coloured	2077	827	5205
White	1160	-----	294
TOTAL	7957	2078	12 055

- Unemployed are 48,9% (2007 survey)
- Human Development index is 0,5%
- Economic growth rate is 3,5%

The physical layout of townships has changed due to massive housing development programme.

1.3 EXECUTIVE SUMMARY

As a developmental local government, the Sundays River Valley Municipality made a commitment to work with local communities to find sustainable ways to meet their social, economic and material needs. This commitment is enshrined within the Sundays River Valley Municipality vision which reads as *“A transformed and integrated organisation which subscribes to the principles of developmental local government which provides a sustainable quality of life including a safe and healthy environment for all our communities, especially the poor and rural communities”*.

Sundays River Valley Municipality is a category B municipality with a plenary executive system combined with a ward participatory system established in terms of the Local Government: Municipal Structures Act 117. The political structure of the Sundays River Valley Municipality is made of 12 councilors from the African National Congress and 2 from Democratic Alliance. Councilor Matinise is the mayor and chairs all council meetings and the Local Economic Development Standing Committee meetings. The administrative structure has 4 Directorates namely:

- Corporate Services – Headed by Mr. S. L. Somngesi
- Financial Services – Headed by Mrs. H. E. Nagel
- Engineering and Infrastructure – Headed by Miss. Z. Ntile
- Community Services – Headed by Mrs. L.S.K. Roji

The administrative structure is led by the Municipal Manager Adv. S.C. Sohena. The Integrated Development Plan has identified the following key performance areas which constitute the strategic direction of Sundays River Valley Municipality.

DEVELOPMENT PRIORITY	OBJECTIVES
Delivery of infrastructure and basic service	<ul style="list-style-type: none"> - Ensure availability of sufficient water infrastructure capacity to meet existing and future development needs throughout SRVM by 2014. - Provide sufficient sewerage infrastructure capacity to sustainable and reliable meet existing and future socio-economic growth needs by 2012. - Ensure the availability of land as well as the sustainable utilization thereof household and economic development initiatives within the principles of spatial planning and land use management. - Facilitate the accessibility of transport throughout the region especially between major centre centre's like Paterson, Kirkwood with specific reference: <ul style="list-style-type: none"> • Improving access to employment opportunities for commuters • Bus/Bicycle services for school children • Accommodation requirements of the citrus industry • Access for emergency personnel
Social and Economic Development	<ul style="list-style-type: none"> - Effective management of housing development schemes to ensure the availability of housing to low-income group. - Households living below poverty line (R800pm) have access to poverty alleviation measures - Creating robust and inclusive local economy - To provide all communities with adequate access to library and information services and well- maintained social/ recreational facilities within the next 5 years - Development practices of excellence in the delivery of primary health care for all communities including dealing with the HIV/Aids - Contribute to the creation of a safe and secure environment for communities
Democratization and Government	<ul style="list-style-type: none"> - Municipal initiatives respond to national priorities in dealing with gender inequality and special attention to vulnerable groups.
Institutional transformation	<ul style="list-style-type: none"> - Vibrant institution that is able to deliver the strategic objectives stated in the IDP within the available resources base.

Financial Management	<ul style="list-style-type: none"> - The financial capacity of the municipality reflects the efficient sourcing, allocation and control of resources in line with stated IDP priorities. - Maintain a financial system to ensure a viable and sustainable municipality
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The financial health of the municipality is not as impressive due to the following main challenges:

- By the 30th June 2007/2008 the outstanding debt amounted to R30 145 599.00
- The debt increases every year due to the introduction of new tariff rates, the higher rate of unemployment of the area with its huge indigent base.
- Of the total debt owed, the community owes 90%, Government departments 3% and business 7%.

The municipality is now reviewing its policies especially the credit control and indigent policies. The debt recovery plan is in the process of formulation and the new valuation roll will be implemented on 1 July 2009/2010 financial year. With respect to administrative considerations the municipality had to strengthen their communication channels with the community in order to bring about trust to the municipality. Each department is expected to provide responses and evaluate itself in terms of effective management of the institutional risk assessment. The role of ward committees in influencing the decisions taken at Council level is to be encouraged to promote access, transparency and participatory governance.

2. CHAPTER 2: PERFORMANCE HIGHLIGHTS

2.1 INFRASTRUCTURE AND ENGINEERING SERVICES

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

Water Services



MUNICIPAL INFRASTRUCTURE GRANT (MIG)

INTRODUCTION

This report intends to give an overview of the Municipal Infrastructure Grant (**MIG**) funding over the last two financial years (2005/06 and 2006/07) with emphasis being placed on the financial year end (2007/08).

BACKGROUND

Overall description of the programme:

Programme history

This programme was initiated at the Cacadu District Municipality during the financial year 2004/05. This then necessitated Cacadu District Municipality to combine all programmes which were for infrastructure development, these being the following: Consolidated Municipal Infrastructure Programme (CMIP), DWAF Water Services Capital Programme (WSCP), Community Based Public Works Programme (CBPWP) and Local Economic Development (LED) programme.

Thereafter then the programme was taken over by the local municipalities and the funds were then allocated to the local municipalities.

Program Concept, design and plan

The conceptualization of the programme was done at the beginning of financial year 2005/06. A Business Plan was drafted out so as to outline activities and resources (staff) to be utilized by the programme. On approval of the business plan it was then resolved by the council to establish a Project Management Unit (PMU).

Start date – duration of the programme

This programme started during the financial year 2005/06, it is therefore envisaged that it will continue until the financial year 2013/14 if the envisaged provision of at least a basic level of service to all by 2013/14 is achieved.

Amount allocated for the past three years

MIG ALLOCATIONS	2005/2006	2006/2007	2007/2008
Approved budget amount	R6 674 000.00	R16 742 000.00	R13 532 431.70
Spent budget amount	R6 674 000.00	R16 742 000.00	R13 532 431.70
Difference	NIL	NIL	NIL

COMPARISON OF BACKLOG FROM AVAILABLE DOCUMENTS VS ACTUAL

WARD	HOUSING		
		From Documents	Actual
1	947	800	
2	384	258	
3	878	1500	
4	613	1950	
5	465	510	
6	395		
7	447	525	
		5543	
	4129		

WARD	WATER		
		From Documents	Actual
1	123	800	1000
2	201		958
3	376	200	750
4	104	600	1000
5	7	800	
6	211	160	651
7	190	164	
		2724	4359
	1212		

WARD	SANITATION		
		From Documents	Actual
1	837	1950	3450
2	424	276	276
3	639	1000	1685
4	641	146	0
5	366		0
6	338	850	164
7	293	200	851
		4422	6426
	3538		

Completed Projects 2007/2008

MIG cooling facility

Paterson Bucket Eradication Phase 2

Langbos VIP toilets

Aqua Park Waterborne Sewerage

Integrated Waste Management Plan

Water Demand Management

Piped Water inside the dwelling	:	1258
Piped Water inside the yard	:	5237
Piped Water to community stand<200m	:	626
Piped Water to community stand>200m	:	742

Water Services Infrastructure

○ Dams	:	3
○ Reservoirs	:	8
○ Treatment Plants	:	0
○ Networks (km)	:	4
○ Boreholes	:	4
○ Pump stations	:	8
○ Bulk Pipeline (km)	:	3

Electricity

Completed Projects 2007/2008

No connections

Roads/Streets/Stormwater

Road patchwork is performed regularly. Resealing was done at Addo-Paterson route (R335 - 1km section). Kirkwood – Addo route (R336 – 1.5km section)

Solid Waste Management

Refuse collection once a week.

Bucket Eradication

All 1039 buckets in Paterson have been eradicated. The buckets are still in use until the problem of bulk water supply is resolved.

Town Planning, Zoning and Building Control

Building plans 2007/2008

Applications Outs 1 July 2007	Category	Number of new appl received	Total value of app received	Applications outs 30 June 2008
Erf number 1561	Residential new	42	R30 202.89	0

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

Housing



REPORT ON HOUSING PROJECTS

Paterson 450 Houses

Progress	Previous Month	Complete as at 30 June 2008
Slabs	430	441
Top Structures	430	441
Plaster	420	432
Roofs	416	441
Paint	400	425
Glazing	350	397
Plumbing	188	188
Ceiling	150	200

Paterson 600 Houses

Progress	Previous Month	Complete as at 30 June 2008
Slabs	600	600
Top Structures	588	588
Plaster	588	588
Roofs	588	588
Paint	500	500
Glazing	400	510
Plumbing	0	0

Paterson 155 Houses

Progress	Previous Month	Complete as at 30 June 2008
Demolishing Houses	80	100
Slabs	155	155
Top Structures	155	155
Plaster	155	155
Roofs	155	155
Paint	155	155
Glazing	155	155
Plumbing	155	155
Apron	155	155

Addo Noluthando 801 Houses

Progress	Previous Month	Complete as at 30 June 2008
Sewer Line	300	500 sites
Water Line	300	500 sites
Surveying	673	673 sites
Approved Beneficiaries	400	550

Enon - Bersheba 450 Houses

Progress	Previous Month	Complete as at 30 June 2008
Slabs	80	106
Top Structures	67	77
Plaster	0	0
Roofs	0	0
Paint	0	0
Glazing	0	0
Plumbing	0	0

Addo Noluthando 400 Houses (Phased Development)

Progress	Previous Month	Complete as at 30 June 2008
Slabs	71	169
Top Structures	0	5
Plaster	0	2
Roofs	0	2
Paint	0	0
Glazing	0	2
Plumbing	0	2

Addo Nomathamsanqa 300 Houses

Progress	Previous Month	Complete as at 30 June 2008
Slabs	40	45
Top Structures	23	30
Plaster	0	0
Roofs	0	2
Paint	0	0
Glazing	0	0
Plumbing	0	0

Addo Nomathamsanqa 380 & 391 Houses (SCCCVA)

Progress	Previous Month	Complete as at 30 June 2008
Ceilings	0	450
Plastering	0	70

Addo Valencia 600 Houses

Surveyor conducted inspection

Submitted application to NHBRC for project enrollment.

Addo Molly Blackburn 500 sites, Moses Mabida 160 sites, Dunbrody 300, Wesbank 300 sites, Malmasion 300 sites, Addo Valencia 569 sites, Moses Mabida & Bergsig 1000 sites

These projects will be catered for under the FNB, DHLG and SRVM initiative.

Strathsomers Portions 42/270, 42/271, 42/313, 42/280, 42/257, 42/17

Awaiting TET resolution on the sites.

3. CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

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

Departmental Team-building

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

Christmas Lunch for all Corporate Services staff was held at Admirals Restaurant in Walmer, Port Elizabeth on Friday, 7 December 2007.

28 October 2007 – picnic at Avoca – lovely day next to the Sundays River

1 April 2008 - Corporate Staff is entertained by Mr Somngesi (Director: Corporate Services) and his wife at their home in Port-Elizabeth.

24 June 2008 – Braai at “Paling se Gat” also along the Sundays River

Library Services

Allocation Department Sport, Recreation, Arts and Culture

CDM received a library grant (R4 000000) from DSRAC for library improvements for the financial year 2007/8. The greater portion of the funds was utilised for the provision of internet access points at libraries in the district through project named “Connect with Cacadu”.

Libraries in areas with the required level of internet coverage had been prioritized for implementation and Sundays River Valley Municipality libraries Fitzpatrick (Addo) and Paterson were included in the initial 14 libraries to receive computers and associated software. (Fitzpatrick 6 computers and Paterson 4)

In addition Sundays River Valley Municipality received an allocation of R265 000 to finance some of the requirements listed in the business plan SRVM submitted to CDM.

These funds provided for following:

- Library furniture and shelving;
- Office equipment and computers for all SRVM libraries including satellites, as well as computer training for volunteers running satellite libraries;
- Improving infrastructure, e.g. store & work rooms;
- Air conditioning for Paterson & Fitzpatrick libraries



Library volunteers receiving computer training

Service delivery

The so-called Wheelie libraries have evolved into proper libraries playing a vital role in providing information and cultural benefits in their communities.

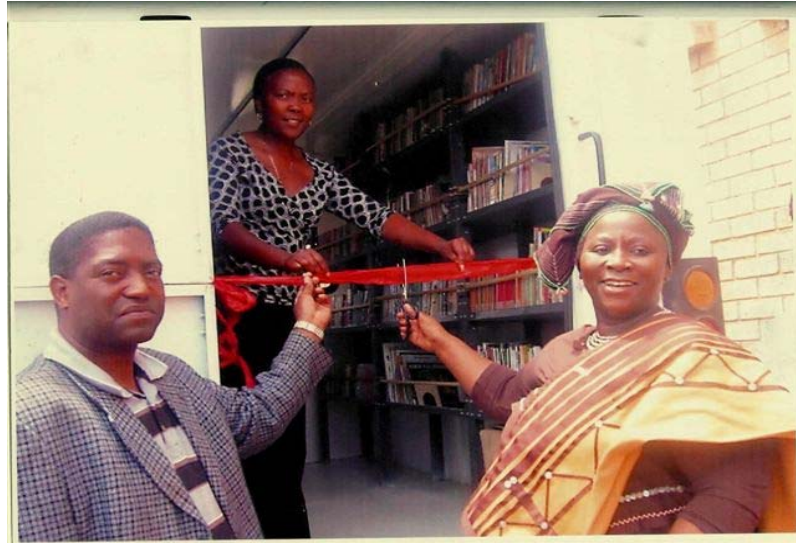
School children benefit enormously, as these libraries not only provide the support and information needed to supplement the school syllabi, but also provide a safe haven during holidays when children/ youth benefit by attending stimulating activities provided by the holiday programmes presented at all libraries. Where space allows, the libraries offer a quiet place where students can study, as many do not have the luxury at home. During the grade 12 final exams some of the satellite libraries afforded learners the opportunity to study at the library during the evenings as many does not have electricity at home.

The computers, acquired through the CDM allocation and placed in the libraries, addressed a huge need in the communities, namely computer facilities for basic needs e.g. typing CV's, funeral letters, assignments, etc. Furthermore they facilitate the library workers to improve on administrative functions by e.g. computerising circulation statistics, etc.

Tape Aid for the Blind and Sight-impaired: During this financial year, we received another 2 mini tape libraries donated by Kirkwood Game and Wildlife Festival Committee. These tape libraries, stationed at Moses Mabida and Valencia libraries, allow us to make "tape books" available to all our libraries. These tapes not only provide entertainment and pleasure to the blind or sight impaired, but to the illiterate as well. A listening hour for the elderly held at the library provides stimulation and eases the boredom and loneliness many elderly and sight-impaired members of the community experience.

Mobile library service

Our vision of a mobile library service reaching out to rural communities without access to libraries, e.g. farm workers and their families, were finally realized when our mobile library service came into operation in September 2007. The official launch occurred on 27 November at the Mzamomhle Community Hall, Moses Mabida, Kirkwood. Guests and shareholders were addressed by the guest Speaker, Mrs. Abraham–Ntantiso, M.E.C. Dept. Sport, Recreation, Arts and Culture. An auspicious occasion to celebrate a dream comes true.

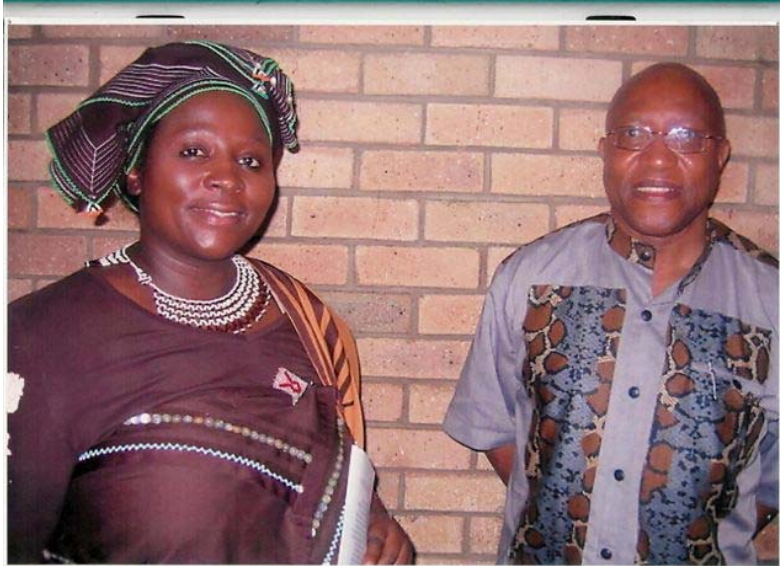


The official launch of the mobile

From left to right: Cllr Lwana (CDM), Cllr Matinise (Mayor SRVM),
Mrs. Abraham–Ntantiso, M.E.C. Dept. Sport, Recreation, Arts and Culture

The Mobile library visits the following areas every week.

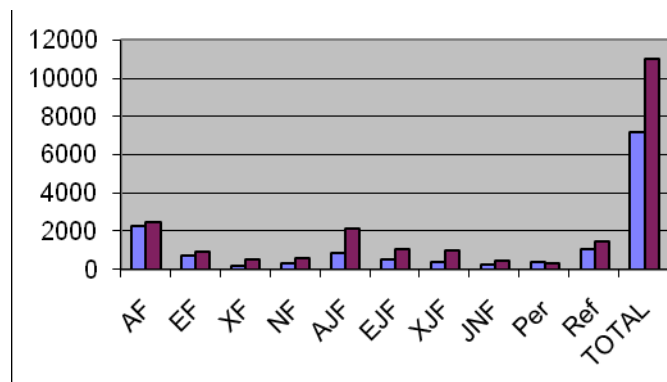
- Malmaison (stop at the school);
- Bersheba (stop at school)
- Mistkraal (stop at school)
- Showhill (stop at school)
- Dunbrody (stop at school)
- Rietberg Primary (Only kids from outlaying areas)



Mrs. Abraham-Ntantiso, M.E.C. and Mr S L Somngesi,
Director: Corporate Services, SRVM

The success of the new mobile library service was dramatically reflected in the monthly circulation statistics as early as October 2007

Increase on previous year's circulation statistics. (Note: Increase of especially children's books (AJF; EJF; XJF) due to Mobile library service.)



AF (Afrikaans fiction); **EF** (English fiction); **XF** (Xhosa fiction); **NF** (Non – fiction); **AJF** (Afr. junior Fiction); **EJF** (Eng. junior fiction); **XJF** (Xhosa junior fiction); **JNF** (Junior non-fiction); **Per.** (Periodicals / magazines) **Ref.** (reference / sources / articles copied or used in library)

Overall, despite financial constraints and obstacles, SRVM is progressing in bringing libraries, to our communities and therefore opening doors of learning and culture.

Employment Equity Report

Sundays River Valley Municipality is committed to the achievement of Employment Equity and Equal Opportunities for all its employees. The municipality is actively working towards creating and maintaining a fair and equitable working environment, free from all forms of discrimination.

Employment Equity Report is submitted annually on the 1 October to the Department of Labour. This report is derived from the Council Employment Equity Plan which sets the strategic direction of the municipality's overall employment equity programmes and is over a period of five years.

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

WORKFORCE PROFILE AS AT 30 JUNE 2008

Occupational Categories										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Legislators, senior officials and managers	1										1
Professionals				1			3				4
Technicians and associate professionals	5	4		5			5	2			21
Clerks	3	3		12	5		2				25
Service and sales workers	6	3		2	1			2			14
Skilled agricultural and fishery workers											
Craft and related trades workers	6	3									9
Plant and machine operators and assemblers	5	2									7
Elementary occupations	41	18		6	4						69
TOTAL PERMANENT	67	33		26	10		10	4			150
Non – permanent employees	2			2	1						5
GRAND TOTAL	69	33		28	11		10	4			155

Skills Development Training

Council has a Workplace Skills Plan which is submitted annually to Local Government SETA. The plan sets out all the training priorities and planned training for each year. In order to monitor

training and development activities Council has a Local Labour Forum where issues relating to training and development are discussed.

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

SUMMARY OF TRAINED EMPLOYEES FROM 1/07/2007 – 30/06/2008 AS PER OCCUPATIONAL CATEGORIES

Occupational Categories								White Male	Foreign Nationals		TOTAL	
	Male			Female					W	Male		Female
	A	C	I	A	C	I	W					
Legislators, senior officials and managers	3	3	-	4	-	-	-	-			10	
Professionals	1	-	-	-	-	-	-	-			1	
Technicians and associate professionals	5	2	-	-	-	-	2	2			11	
Clerks	2	-	-	8	1	-	-	-			11	
Service and sales workers	-	-	-	-	-	-	-	-			-	
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-			-	
Craft and related trades workers	-	-	-	-	-	-	-	-			-	
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-			-	
Elementary occupations	29	4	-	1	-	-	-	-			34	
TOTAL PERMANENT	40	9	-	13	1	-	2	2			67	
Non – permanent employees	-	-	-	1	-	-	-	-			1	
GRAND TOTAL	40	9		14	1		2	2			68	

SUNDAYS RIVER VALLEY MUNICIPALITY EMPLOYEES WERE TRAINED IN THE FOLLOWING COURSES:

COURSE NAME	NUMBER OF EMPLOYEES
Computer (IT)	37
Plumbing	8
Business Writing Skills	2
Electrician	1
Finance for Non Finance Managers (Supervisors)	6
Project Management	3
Clean and Maintain Public Area, Handle and Store Cleaning, Equipment and Material (Caretakers)	4
Discipline and Grievance Handling (Supervisors)	7
TOTAL	68

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

In addition there is one female Human Resource intern that is doing training with Human Resources Section under the Directorate of Corporate Services.

The following learnership programmes are due for implementation in 2008/2009:

- Agriculture
- Water Reticulation
- Local Economic Development (LED) Learnership (NQF 5)

Challenges

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

Organisational Structure / Organogram

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

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

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

DEPARTMENT	NUMBER OF EMPLOYEES
Office of the Municipal Manager	5
Corporate Services	16
Financial Services	19
Community Services	37
Technical Services	78
TOTAL	155

Employee related costs 2007/2008

Actual	10 304 485.41
Salary budget	10 789 074.00
Total budget	563 211.00

Terminations

Terminations										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Resignation	1	1		1			1				4
Non-renewal of contract							1				1
Dismissal – Operational requirements (retrenchment)											
Dismissal - misconduct											
Dismissal - incapacity											
Other(Deceased)											
TOTAL	1	1		1			2				5

Recruitment

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

Reports submitted was for the period 1 July 2007 – 30 June 2008

ACTIVITY	DATE OF SUBMISSION
Employment Equity Report	30 September 2007
Workplace Skills Plan (WSP)	30 June 2008

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

empowerment in order to be able to execute efficient and effective service delivery to the communities.

PROVIDENT / PENSION / RETIREMENT FUNDS – FOR SRVM

Name of Prov/Pension / Retirement Fund	Number of Employees
SALA Pension	39
SAMWU Provident	49
Cape Joint Retirement	37
Cape Joint Pension	8
TOTAL = 4	TOTAL= 133

MEDICAL AIDS – FOR SUNDAYS RIVER VALLEY MUNICIPALITY

Name of Medical Aid	Number of Employees
Bonitas	15
Hosmed	9
SAMWU	40
Munimed	2
LA Health	9
TOTAL = 4	TOTAL= 75

4. CHAPTER 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Budget and Treasury Report

Vision Statement

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

Mission Statement

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

KEY RESULT AREAS/KEY PERFORMANCE INDICATORS AND TARGETS

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

- Revenue Collection/Income Generation

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

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

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

• **Key Performance Areas**

Baseline	Outputs	Outcome
Maintain accurate and complete valuation	<ul style="list-style-type: none"> • Annual reconcile valuation roll. • Implement General Valuations • Rate agricultural and related land • Implement Interim Valuation • Do rates tariff calculation • Annual billing of assessment rates. • Administer Valuation Court. 	<ul style="list-style-type: none"> • Correct billing of the right amount at the right time to the right person for the right property.
Maintain reliable customer database	<ul style="list-style-type: none"> • Undertake survey of customers per ward. • Update property master data base 	<ul style="list-style-type: none"> • Comprehensive customer database for billing and information.
Improve credit control and debt collection	<ul style="list-style-type: none"> • Implement Credit Control and Debt collection Policy. • Implement Revenue Stabilization Policy. • Administer relationship with Debt collectors • Administer relationship with legal services 	<ul style="list-style-type: none"> • Effective and compliant credit control and debt collection
Review financial policies	<ul style="list-style-type: none"> • Maintain and implant financial policies and procedures 	<ul style="list-style-type: none"> • Policies that as compliant and give clear directive and that it just
Install prepaid water and electricity meters	<ul style="list-style-type: none"> • Install prepaid electricity and water meters for defaulters. • Sell prepaid water and electricity. • Ensure integrity of infrastructure. 	<ul style="list-style-type: none"> • Effective instruments for service delivery. • An effective and efficient prepayment system.
Read water and electricity meters	<ul style="list-style-type: none"> • Read conventional water and electricity meters monthly or as when required. • Ensure corrective step are taken for integrity of the meters 	<ul style="list-style-type: none"> • Accurate reading that lead to accurate billing.
Process monthly consumer accounts	<ul style="list-style-type: none"> • Accurate monthly billing • Timeous and accurate delivery of accounts 	<ul style="list-style-type: none"> • Billing notification that is correct
Bank revenue	<ul style="list-style-type: none"> • Daily receipting of all revenue • Daily banking of all revenue • Security of all revenue 	<ul style="list-style-type: none"> • Safety and effective cash handling and revenue management
Implement Municipal Finance Management Act 56 of 2003 requirements	<ul style="list-style-type: none"> • Analyze, interpret and development mechanism for legislative obligations 	<ul style="list-style-type: none"> • Compliance with the law
Implement Local Government Municipal Property Rates Act 6 of 2004	<ul style="list-style-type: none"> • Develop a rates policy • Consult community • Implement policy • Develop by-law 	<ul style="list-style-type: none"> • Compliance with law

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

Although a 100% correctness of meter readings and consumer accounts is expected, the possibility exists that there might be errors (1.00%) from time to time;

A drastic decrease in outstanding debtors is not foreseen but through effective credit control and debt collection procedures, a further increase would stop;

Both the conventional and prepaid meters are subject to damage and due to the age of the meters, they may become faulty.

The collection of sufficient revenue still remains the top challenge for the municipality. Therefore funding the budget is of paramount importance.

Expenditure and Control

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

The Key Performance Indicators are:

Baseline	Outputs	Outcome
Reconciliation and Payments of Creditors	<ul style="list-style-type: none"> • Monthly reconciliation of payments of all creditors 	<ul style="list-style-type: none"> • Accurate, authorized and correct payment of creditors
Control Purchases	<ul style="list-style-type: none"> • Daily control over purchases 	<ul style="list-style-type: none"> • Control over purchased to make it economical and compliant with supply chain regulations
Process and Maintain Payroll	<ul style="list-style-type: none"> • Pay employees, • Pay deductions • Input leave request so authorized • Reconcile payroll votes • Reconcile IRP5 	<ul style="list-style-type: none"> • The payment of staff, so authorized for work performed
Maintain Existing Loans	<ul style="list-style-type: none"> • Pay external loans • Reconcile annual external loans 	<ul style="list-style-type: none"> • Loan repayments
Maintain Insurance Portfolio	<ul style="list-style-type: none"> • Submit claims • Advise on risk and risk assessment • Ensure assets as place on portfolio 	<ul style="list-style-type: none"> • Safeguard of assets • Risk free or limited
Maintain Investment and money preservation	<ul style="list-style-type: none"> • Reconcile investment register • Place investment • Withdraw investments 	<ul style="list-style-type: none"> • Effective cash management and secure future growth and value

Review Financial Policies	<ul style="list-style-type: none"> • Update and implement financial policies 	<ul style="list-style-type: none"> • Policies that as effective for administration
Implement the Municipal Finance Management Act	<ul style="list-style-type: none"> • Analyze, interpret and development mechanism for legislative obligations 	<ul style="list-style-type: none"> • Compliance with the law
Report to Management and other institutions	<ul style="list-style-type: none"> • Generate reports for internal committees • Generate reports for Council • Generate report for National Treasury • Generate reports for Provincial Treasury • Other reports e.g. MIG 	<ul style="list-style-type: none"> • Effective and timeous reporting for decision-making and statistics

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

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

Budgeting

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

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

The Key Performance Indicators are:

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

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

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

Accounting and Reporting

This function ensures and is responsible for maintaining council's financial accounting records and ensures that they are updated daily by reconciling the supporting registers. A trial balance and the chart of accounts are maintained to ensure accuracy and integrity. Monthly and quarterly financial reports are submitted to the National and Provincial Treasury and Finance Standing and committees. It is also this department's responsibility to compile the Annual Financial Statements, Annual Report. The Service Delivery and Budget Implementation Plan (SDBIP). The Key Performance Indicators set are:

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

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

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

Information Technology

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

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

Key Performance Indicators are:

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

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

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

Assets and Stores

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

Key performance indicators are:

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

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

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

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

EXPENDITURE

Introduction

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

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

General Expenses

This expenditure is incurred to cover the day-to-day running of the municipality. The effect of inflation plays havoc with this expenditure. It includes bulk water and electricity purchases, and Grants and Subsidies paid - operating, which represents a significant percentage of the total budget. The ever-increasing capital development drive is the major player in cost determination. In respect of 2007/2008 it represents 40.77% of the operating budget.

	2006/2007	2007/2008
Budget	17 262 490	18 109 324
Actual	31 409 575	46 850 179
Growth %	-16.93	49.15

Repairs and Maintenance

This expenditure is incurred to preserve the value and the extension of the useful life of assets. In respect of 2007/2008 it represented 6.7% of the operating budget.

	2006/2007	2007/2008
Budget	2 536 061	2 985 879
Actual	1 747 136	1 580 152
Growth %	-11.67	-9.56

Salaries and Wages

This expenditure is incurred to pay the work force which is in fact the labour cost of service delivery. There is an ever increasing need to appoint more staff as service delivery grows. All efforts are being made to keep the proportionate rate below the 30% benchmark. However council strives in directing funds to service and utilize staff to the capacity. In respect of 2007/2008 it represented 39.3% of the operating budget.

	2006/2007	2007/2008
Budget	15 971 232	17 469 316
Actual	17 118 181	17 491 955
Growth %	23.98	2.18%

Councillor Allowances

This expenditure is the cost associated with the Office of the Mayor as well and the rest of Council. Political-Office-Bearers are paid strictly according to the Upper Limits. In respect of 2007/2008 it represented 4.9% of the operating budget.

	2006/2007	2007/2008
Budget	2 523 576	2 210 485
Actual	2 376 814	2 186 733
Growth %	141.05	-8.0

Contributions

This expenditure is to record regulatory obligation. This includes the contribution to the Leave Reserve which covers the total liability Council has to the workforce in respect of outstanding leave as well as provision for the rehabilitation of refuse dumps (not included in previous year). In respect of 2007/2008 it represented 8.1% of the operating budget.

	2006/2007	2007/2008
Budget	773 640	3 638 978
Actual	120,000	2 126 415
Growth %	0	1672

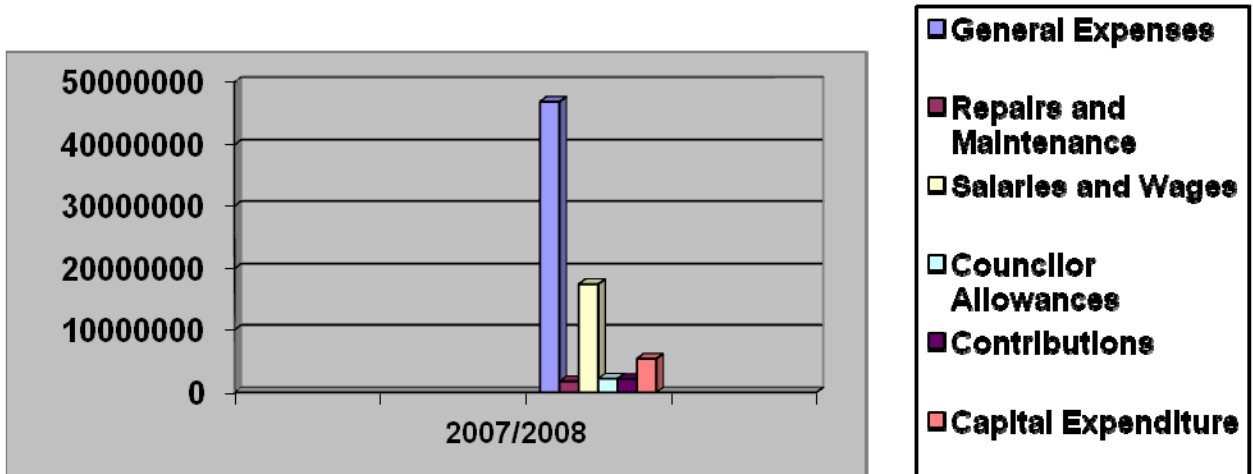
Capital Expenditure

This expenditure is directed primarily to the development of basic service infrastructure. It is funded predominately from grants whereas the municipality spends its own income on capital items that are movable. In respect of 2007/2008 is represented 36% of the total budget.

	2006/2007	2007/2008
Budget	20 217 552	28 523 118
Actual	7 191 777	5 371 897
Growth %	-19.3	-25.30

Total Expenditure

Expenditure by Major Type



INCOME

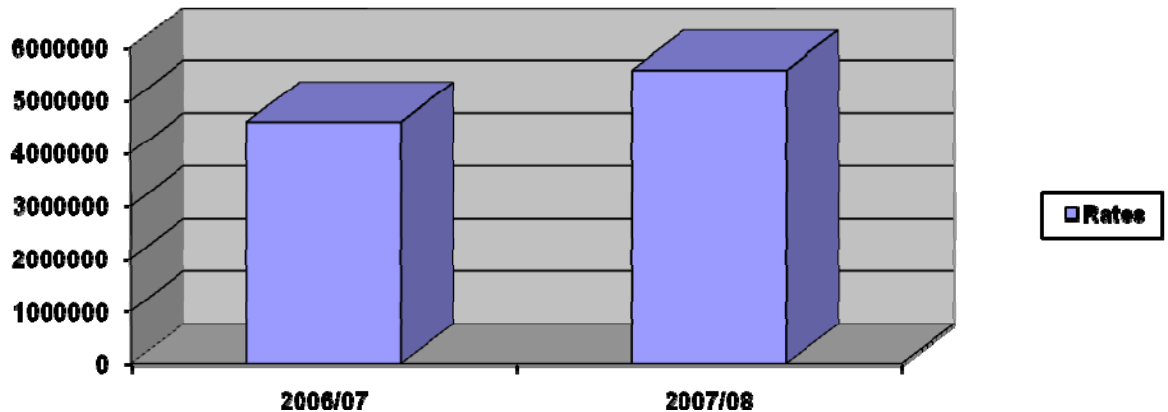
Introduction

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

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

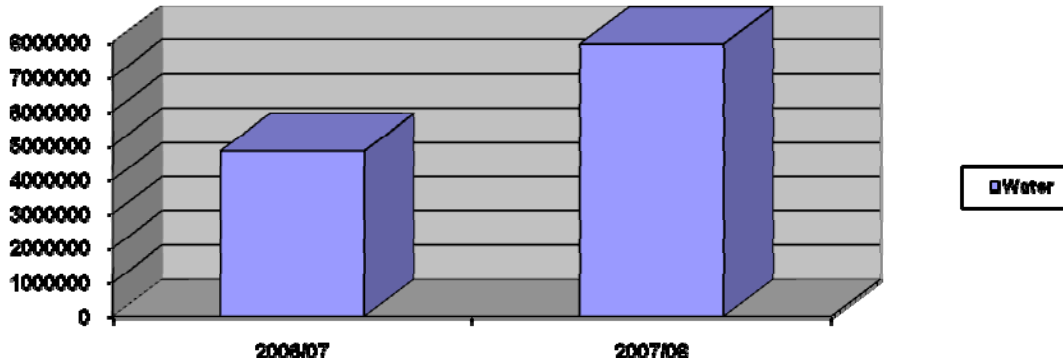
- Rates

	2006/2007	2007/2008
Budget	3 968 498	4 154 137
Actual	4 591 925	5 569 549
Growth %	28.4	21.2



Water

	2006/2007	2007/2008
Budget	8 275 628	6 896 909
Actual	4 843 802	7 943 252
Growth %	-36.8	63.90

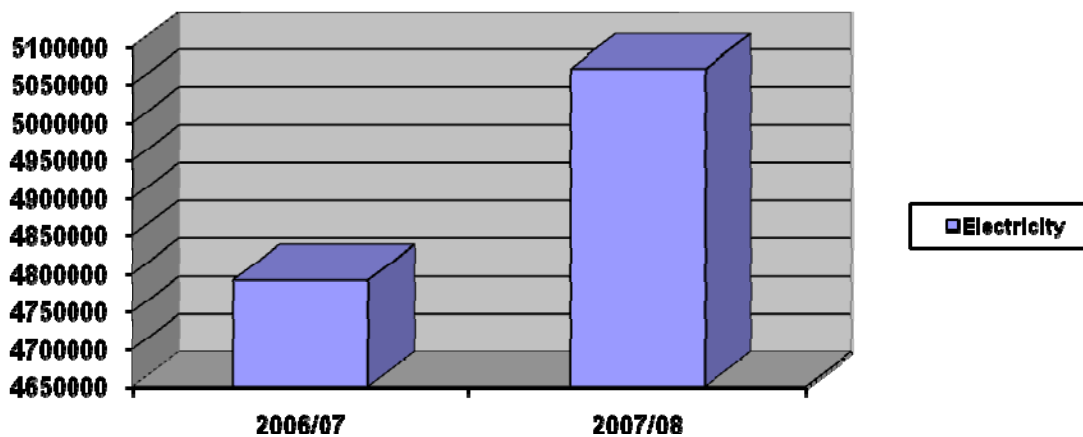


Water Service Authority (WSA)

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

Electricity

	2006/2007	2007/2008
Budget	3 993 768	4 377 574
Actual	4 791 476	5 070 525
Growth %	-2.2	5.8



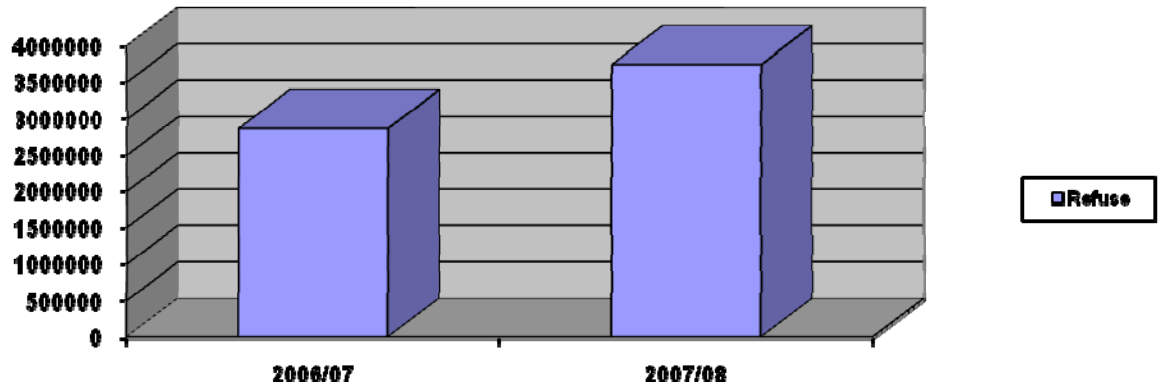
Regional Energy Distribution (RED): Zone 3

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

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

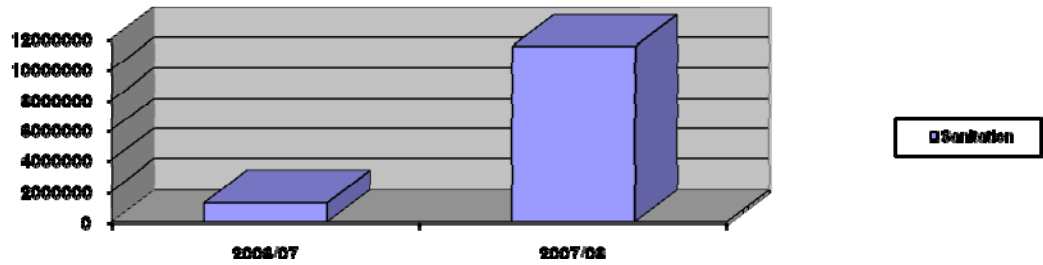
Refuse

	2006/2007	2007/2008
Budget	3 966 880	4 163 705
Actual	2 870 837	3 743 659
Growth %	6.1	30.4



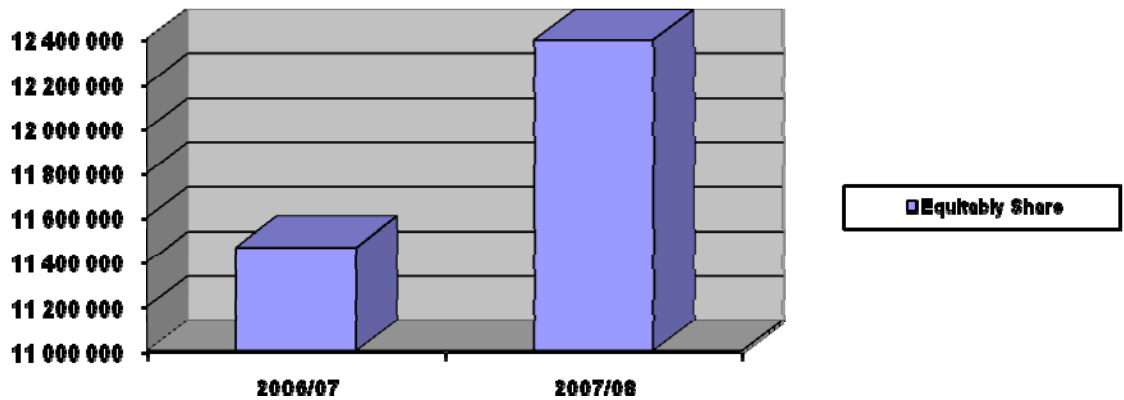
Sanitation

	2006/2007	2007/2008
Budget	11 875 803	16 361 020
Actual	1 241 003	11 468 539
Growth %	-54.1	824.1



Grants

Equitable Share



Council’s equitable share allocation was increased by 8.05% (R924 097) from R11 468 866 to R12 392 963 and remains council’s major source of income. The following demographic data (from the 2001 Census statistics) was used for calculating council’s equitable share and MIG allocations:

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

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

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

Free Basic Services

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

Category A- Income less than R800 -100% subsidy

Category B- Income from R801 to R1100 -50% subsidy

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

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

The following services are subsidized

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

2007/2008 TARIFF STRUCTURE

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

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

A major new source of income was the rating of agricultural related properties. The underlining principle that was used to achieve comparison was” What makes you no difference than any other property owner?” This in fact means that all other immovable property had to be exempted or rebated. The abolishment of RSC Levies made the opportunity more acceptable to the property owners. This had a significant impact on the assessment rates total.. It was also decided in- principle to mimic the Local Government Municipal Property Rates Act, No. 6 of

2004 with regards to e.g., phasing-in new properties. The initial rates tariff was R0.005 and would increase by inflation. The valuation in turn was divided on quarters and phased in.

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

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

The significant increase in refuse tariff is due to the significant cost to maintain the environment as well as compliance with legislation.

2007/2008 Annual Financial Statements

Financial statements were prepared in terms of the accounting refers complying with the GAMAP and GRAP. These Annual Financial Statements were completed and delivered to the Auditor-General.

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

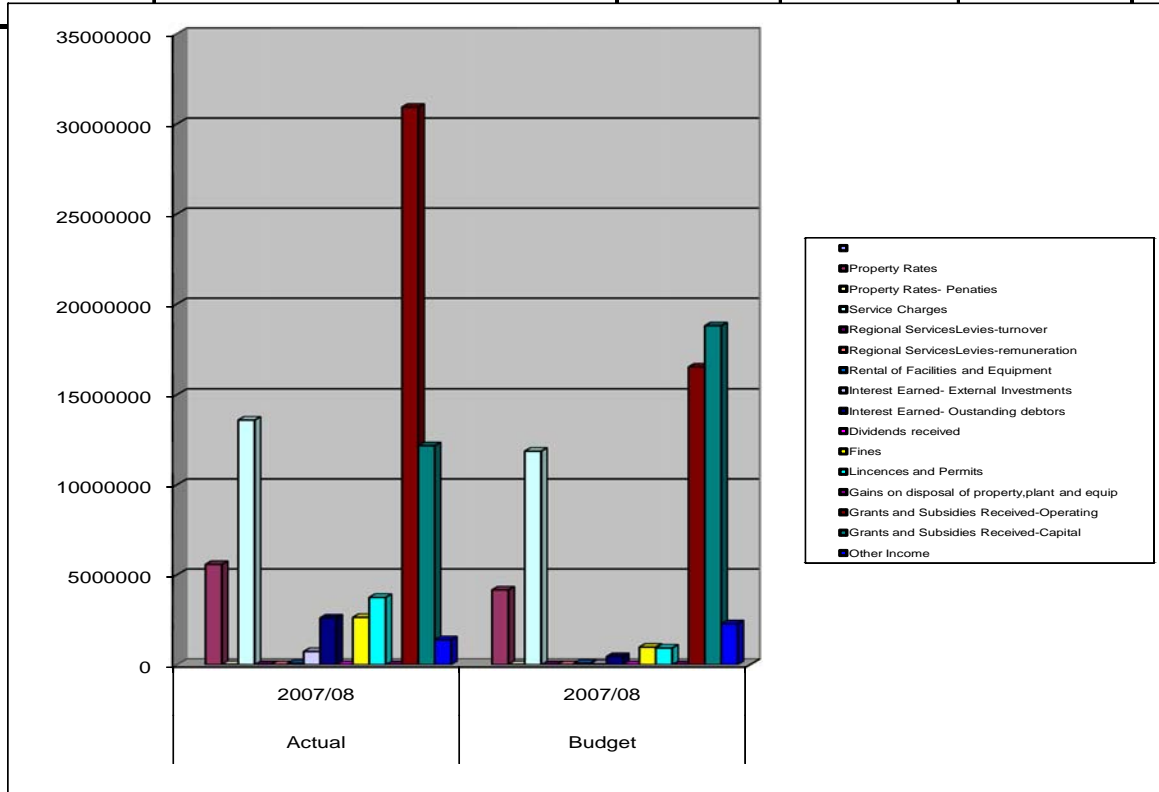
Find attached as **Annexure A** the Annual Financial Statements (AFS) for 2007/2008 financial year.

This municipality has attempted to implement the new accounting reforms. The official date for compliance as a medium capacity municipality would have been the AFS for 2006/2007, however certain exemptions were taken up as provided by National Treasury in Government Gazette 30013 of 29 June 2007. An implementation plan, reflecting progress to full compliance with accounting standards, has been submitted to National Treasury as was requested in the Government Gazette.

Operating results - Operating Income Results

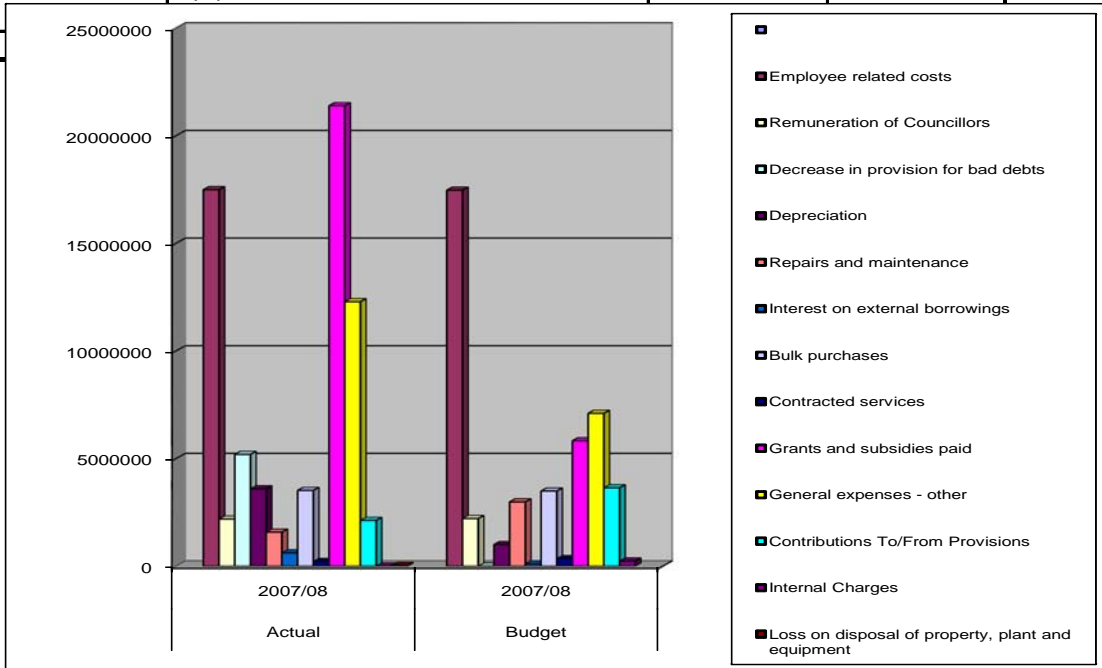
Actual 2006/07	Source of Income	Actual 2007/08	Budget 2007/08	Actual as % of Budget	Actual as % of Total Income
4,591,925	Property Rates	5,569,549	4,154,137	134.07%	7.59%
10,298	Property Rates- Penalties	11,051	9,867	112.00%	0.02%
11,048,128	Service Charges	13,581,930	11,855,847	114.56%	18.51%
0	Regional Services Levies-turnover	0	0	0.00%	0
0	Regional Services Levies-remuneration	0	0	0.00%	0
49,039	Rental of Facilities and Equipment	63,112	74,218	85.04%	0.09%
59,752	Interest Earned- External Investments	732,908	45,202	1621.41%	1.00%
2,480,087	Interest Earned- Outstanding debtors	2,597,685	455,825	569.89%	3.54%
0	Dividends received	0	0	0.00%	0
2,186,193	Fines	2,627,665	975,480	269.37%	3.58%
3,164,931	Licences and Permits	3,737,550	926,169	403.55%	5.09%
78,615	Gains on disposal of property, plant and equip	0	0	0.00%	0.00%
13,061,753	Grants and Subsidies Received-Operating	30,920,261	16,531,179	187.04%	42.13%
242,484	Grants and Subsidies Received-Capital	12,159,304	18,784,052	64.73%	16.57%
4,760,173	Other Income	1,390,620	2,276,970	61.07%	1.89%

100.00%



Operating Expenditure Results

Actual 2006/07	Source of Income	Actual 2007/08	Budget 2007/08	Actual as % of Budget	Actual as % of Total Income
16,686,430	Employee related costs	17,491,955	17,469,316	100.13%	24.90%
2,376,814	Remuneration of Councillors	2,186,733	2,210,485	98.93%	3.11%
-1,305,276	Decrease in provision for bad debts	5,192,696	0		7.39%
3,249,491	Depreciation	3,595,694	1,000,000	359.57%	5.12%
1,820,510	Repairs and maintenance	1,580,152	2,985,879	52.92%	2.25%
128,969	Interest on external borrowings	619,861	105,146	589.52%	0.88%
3,653,018	Bulk purchases	3,518,188	3,489,382	100.83%	5.01%
238,359	Contracted services	216,273	349,433	61.89%	0.31%
4,695,774	Grants and subsidies paid	21,392,759	5,827,676	0.00%	30.46%
20,802,040	General expenses - other	12,286,363	7,100,420	173.04%	17.49%
232,526	Contributions To/From Provisions	2,126,415	3,638,978	58.43%	3.03%
-	Internal Charges	-	237,267	0.00%	0.00%
118,745	Loss on disposal of property, plant and equipment	28,347			0.04%



1.14% 100.00%

Capital Expenditure and Financing

Assets by GFS:

Function	2006/07	2007/08
	R	R
Executive & Council	33,909	13 844
Finance & Administration	278,474	2 113 262
Planning & Development	1,266,155	242 661
Health	177,809	167 793
Community & Social Services	756,854	338 881
Public Safety	2,705	2 064 600
Sport & Recreation	0.00	1 070
Environmental Protection	0.00	0
Roads Transport	6,567	1 155 844
Housing	0.00	0
Waste Management	0.00	0
Waste Water Management	3,003,156	10 098 755
Electricity	203,538	0
Water	1,462,610	713 333
Other	0.00	0
Total	7,191,777	16 910 043

Assets by Type:

Type	2006/07	2007/08
	R	R
Land & Building	0.00	1 704 296
Infrastructure	4,651,823	11 538 146
Community Assets	0.00	192 000
Other Assets	2,539,954	3 475 601
Total	7,191,777	16 910 043

EXTERNAL LOANS

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

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

No new loans were entered into during the 2007/08 financial year.

	Balance as	Received during	Redeemed	Balance
	at 30 June 2007	the year		30/06/2008
DBSA Loans				
Swimming Pool	30 497	605	0.00	31 102
Traffic Department	1,500,000	66 442	0.00	1 566 442
Backhoe	500,000	0 .00	0.00	500 000
Finance Leases	282 455	2 291 681	280 668	2 293 467
Revolving Credit	1 009 228	0.00	17 967	991 261
Total	3 322 180	2 357 518	298 636	5 382 272

ASSETS AND LIABILITIES

The following comments are in respect of the Financial Position (Balance Sheet) at 30 June 2008:

Liabilities plus Equity

Net Assets

The following reserves were created to offset the effect of depreciation for all assets

Acquired before the adoption of GAMAP:

- Capitalization Reserve R 3 056 268
- Government Grant Reserve R 57 126 086
- Donations and Public Contribution Reserve R 1 305 951

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

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

Non-current liabilities

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

Current Liabilities

- Consumer deposit is for water and electricity consumers that are required to pay a deposit before a connection can be effected.
- Creditors are service providers to whom we owe a payment in respect of goods and services received already. Actual creditors outstanding are R24 648 043 and which were paid in July 2008.
- Unspent conditional grants and receipts, is a new item, and reports on grants received from other funding sources not yet spent. They will be reported as creditors until the funds are spent.
- VAT refers to the claim submitted to SARS for VAT which was due to the municipality.

- Bank Overdraft represents, in relation to the cashbook, that the municipality was overdrawn and funded the operations from non-operating funds.
- Current portion of long-term liabilities, refer to note 3.

Assets

Non-current assets

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

Current Assets

- Inventory represent stock on hand at the year-end e.g. fuel.
- Consumer debtors are debtors or patrons of basic services after the application of a provision for bad debt. Where total debt equals R30 145 686 and the provision for bad debt amount to R 25 037 920. The rationalization is that all debt deemed to be irrecoverable will be provided for.
- Other Debtors are amounts owed to council from debit balance or any other matters.
- VAT, refer to note no. 28 in annual financial statements, this is vat due to the municipality and not by.
- Current portion of long-term debtors, is the portion of debt as referred to in note 8 that will be paid within 12 months.
- Call investment deposits was R12 166 795.
- Bank balance and Cash is the total cash resource as the end of the year held in other accounts.

General Comments

Banking Details

Council has one primary bank account and the following people were signatories during 2007/08:

Mr N K Singanto	Municipal Manager
Mr M R Abdullah	Chief Financial Officer
Mrs S Van Greunen	Senior Accountant
Mr Z Gongqoba	Senior Accountant

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

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

Debtors

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

Entire Area by age and Type

	Current	30 days	60 days	90 days	120 days	150 days	
	Debtors	Debtors	Debtors	Debtors	Debtors	Debtors	JUN
OTHER							73 930.00
RATES							7 165 940.00
SERVICES							2 542 604.00
REFUSE							5 273 731.00
WATER							8 057 968.00
ELECTRICITY							2 357 325.00
SEWERAGE							2 596 233.00
HOUSING							1 051 372.00
SUNDRY							824 456.00
JOB CREATION							202 038.00
JUN	(485790.00)	1230 519.00	751 195.00	747 674.00	673 263.00	27 228 738.00	30 145 599.00

Comments:

A significant part of municipality’s debt is in the 150 days and more. This is as a result of limited capacity to collect the income due to the economic status of the patrons. Numerous other factors hampered the collection. Over 65% of patrons receive indigent subsidies for basic services. These posses a significant problem for cash flow as this situation is directly proportionate to the ability to pay for service.

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

Creditors

Creditors comprise trade creditors and credit that results from a credit balance on an account e.g. debtor prepayments. Refer to note 5 for the creditor classification. Otherwise all creditors for the year-end 30 June 2008 were paid and those outstanding at year-end would be paid within the following year.

Consumer Deposit

A total of R 208,470 was held as consumer deposit. These are repaid or transferred to the account, in settlement when the account is closed.

Accounting Policy

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

AUDITOR-GENERALS REPORT

All report has been submitted to the office of the Auditor-General. However the audit report was not finalized at date of publication of the Annual Report.

5. CHAPTER 5: OVERSIGHT REPORT FOR 2007/2008

Background

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

Budget performance

General

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

Income

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

Expenditure

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

Tariff

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

Annual Financial Statement (AFS)

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

Auditor General's Report

The Annual Financial Statements have been submitted to the office of the Auditor-General. However, at time of publication, the audit report was not yet finalized.

Internal Auditors

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

Integrated Development Plan

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

Performance Management Systems

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

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

Service Delivery

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

Indigent

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

Customer Care

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

Governance and Administration

Governance is good and administration is sound. This is as a result of high capacity and strong management. A close working relationship between Politicians and Administrators is imperative. Honesty and integrity underpin joint control.

Annexures

Annexure A : Financial Statements for year ended 30 June 2008