

TABLE OF CONTENTS

CHAPTER 1	PG 2
Mayor's Foreword Overview of Municipality Executive Summary	
CHAPTER 2	PG 12
Background on service provided by the Municipality	
0415831968 anne CHAPTER 3	PG 20
Human Resources and Organizational Management	
CHAPTER 4	PG 33
Audited Statements and Related Financial Information Auditor-General's Report on the Audit of the Annual Financial Statements Response to Issues Raised in the Audit Report Report of the Audit Committee for the year ended 30 June 2008 Financial Statements for the year ended 30 June 2008	
CHAPTER 5	PG 39
Performance Management Systems	

CHAPTER 1

MAYOR'S FOREWORD



Cllr. Makhaya Mana

The Reconstruction and Development Programme (RDP) is an integrated, coherent socio-economic policy framework. It seeks to mobilize all our people and our country's resources towards the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future which is the fundamental and the most important clause to interact within the Freedom Charter to address the RDP.

The current council assumed office on March 2006, and inherited a hugely dysfunctional municipality. The council is stable with the mayor who is in his 12th year in power. The problems of the previous term permeated through to the period under review, there are milestones which have been achieved and which have perched the municipality on a pedestal to accelerate service delivery.

Significant progress has been made in reshaping the municipal administration during the former half of the 2007/08 financial year. These are captures in the organizational structure of the institution. The appointment of a new management team has been a significant milestone for the institution.

As a low capacity municipality in terms of the framework for the implementation of the Municipal Finance Management Act No 56 of 2003, the preparation of the annual report has become peremptory in respect of the 2007/08 financial year. Municipal Finance Management Act circular no 11 issued on 14 January 2005 provides guidance on the preparation of the annual report. It is accepted that, in the view of the challenges that have beset the municipality as captured above, exacerbated by the loss of institutional memory as none of the previous managers is with the municipality, it has not been possible to comply to the set format in totality. Efforts have been made, however, to make the annual report as informative as possible despite the obvious challenges.

Our annual report bears testimony to challenges which have pervaded the municipality, but also points to a concerted effort to attain excellence in service delivery. It is only through the hegemony of and cohesion in our council, the ethos of good management in our administration as well as the unwavering support and constructive contribution of our communities the the Nxuba Local Municipality will make a positive and measurable difference in the lives of the people of Nxuba.

It is a great pleasure for me to announce that our achievements with regard to the aforementioned are as a result of a good working relationship between everyone in the Council and the Community.

HONOURABLE MAYOR
COUNCILLOR MANA

OVERVIEW: NXUBA MUNICIPALITY

INTRODUCTION

Nxuba Municipality includes the areas and functions of the former Adelaide and Bedford Transitional Local Councils, as well as certain rural area of the former Transitional Representative Councils. Both the administrative and legislative seats of Nxuba Municipality are situated in Adelaide. Nxuba Local Municipality is rural and consequently experiences certain challenges which are inherent to such municipalities. Such challenges include, inter alia, the following:

- Huge infrastructural backlogs
- Inadequate revenue base resulting in total reliance on government grants and inability to attract to attend basic service delivery
- Inability to attract the skills required for effective service delivery
- Absence of systems, policies and procedures
- High levels pf poverty and unemployment
- An economy that is growing far lesser than the national levels
- A spiral of the HIV and AIDS pandemic

The institutional reconfiguration of Nxuba Local Municipality, the upskilling of the workforce and the reshaping of the strategic focus of the Council are central for the attainment of the ideal of a better life for the people of Nxuba.

MUNICIPAL COUNCIL

Cllr. M. Mhana	-	Mayor / Speaker
Cllr. C. Auld	-	Chairperson: Finance and Estates
Cllr. S. Maseti	-	Deputy Chairperson: Finance and Estates
Cllr. N. Mahleza	-	Chairperson: Community Affairs and Health
Cllr. G. De Lange	-	Deputy Chairperson: Community Affairs and Health
Cllr. F. Ngqwebo	-	Chairperson: Public Works and Trading Services
Cllr. E. Gqezengele	-	Deputy Chairperson: Public Works and Trading Services
Cllr. X. Makhenyane	-	Councillor

ROLES AND RESPONSIBILITIES CARRIED OUT BY STANDING COMMITTEES

COMMUNITY AFFAIRS AND HEALTH COMMITTEE

Chairperson	:	Councillor N. Mahleza
Deputy Chairperson	:	Councillor G. De Lange
Members	:	Councillor C. Auld Councillor E. Gqezengele Councillor X. Makhenyane Councillor S. Maseti Mayor M. Mhana Councillor F. Ngqwebo

PUBLIC WORKS AND TRADING SERVICES COMMITTEE

Chairperson	:	Councillor F. Ngqwebo
Deputy Chairperson	:	Councillor E. Gqzengele
Members	:	Councillor N. Mahleza Councillor G. De Lange Councillor C. Auld Councillor X. Makhenyane Councillor S. Maseti Mayor M. Mhana

FINANCE AND ESTATES COMMITTEE

Chairperson	:	Councillor C. Auld
Deputy Chairperson	:	Councillor S. Maseti
Members	:	Councillor N. Mahleza Councillor G. De Lange Councillor E. Gqzengele Councillor X. Makhenyane Mayor M. Mhana Councillor F. Ngqwebo

STANDING COMMITTEES

The Standing Committees are responsible to:

- Appoint a Chairman and a Deputy Chairman for a Committee,
- Delegate either absolutely or conditionally to a Committee any of its powers, duties or functions under this or any other Ordinance, other than those which are required to be exercised or performed by Special Resolution:
- Amend or withdraw any such delegation, provided that any amendment or withdrawal of any such delegation shall not invalidate anything done in pursuance of a decision lawfully taken by such Committee,
- Discharge any or all of the members of a Committee, or
- Discontinue any Committee

WARD COMMITTEES

Four Ward Committees have been established in the Nxuba area – Three Urban Ward Committees and One Rural Ward Committee.

The Ward Committees are represented and chaired by the following Ward Councillors

1. WARD 1: RURAL AREA – Cllr S. Maseti

This Rural Ward comprises two commercial farm areas and two informal settlements. Each farm is represented as follows:

1. Kroomie - Mr. E. Nomkala
2. Tambo - Mr. A. Slatsha

These are the Ward Committee Members from Ward 1 under Councillor Maseti.

Zandisile Joseph Sono
 Lonwabo Makaka
 Nomatemba Colia Noganta
 Mzwandile Phillip Mayaya
 Jean Lombard
 Ntombise Mirriam Magubi

Informal settlements:

1. Adelaide Town - Mrs. J. Lombard
2. New Lingelethu - Mrs. N. C. Noganda

2. WARD 2: URBAN AREA - Cllr G. De Lange

This Ward covers the following areas:

- Bezuidenhouville - Mr. B. Moyo
 Old Lingelethu - Mr. B. Moyo

These are the Ward Committee Members from Ward 2 under Councillor G. De Lange

Linda Patrick Mangali
 Mncendisi Mahomba
 Lesley Somi Solo
 Jongisizwe Tshingana
 Bantu Odwa Moyo
 Thembisile Toni
 Bongelwa Botha
 Zukisani August
 Phumeza Matutu

3. WARD 3: URBAN AREA – Cllr N. Mahleza

Goodwin Park, New Bright, Bedford Town, Lower Pholar Park and Bongweni

These are the Ward Committee Members from Ward 3 under Councillor N. Mahleza

Zola Maxwell Maha
 Monday Mbuzeli Katywa
 Nomalizo Gertrude Qengwa
 Nomathamsanqa Ntabeni
 Phumla Irene Tshangana
 Sizwe Ndzube
 Eric Moyakhe Labi
 Pasika Jack

4. WARD 4: URBAN AREA AND RURAL – Cllr S. Gqezengele

Ndlovini, Khayelitsha, Nonzawakzi, Upper Pholar Park and Bedford District

1.	Mankazana	-	Ms B Mboyiya
2.	Post Retief	-	Mr B Tyingwa
3.	Tele Tele	-	Ms N Ngcungcwana
4.	Winterberg	-	Mr T Tukani
5.	Cowie Bush	-	Ms. T. Mgoqi
6.	Elden	-	Mr. Adonis
7.	Fair Hold	-	Mr. L. Mtwebana
8.	Malanskraal	-	Ms. Nontshinga

These are the Ward Committee Members from Ward 4 under Councillor S. Gqezengele

Nomvula Slinger
Nompumelelo Ngetu
Thozamile Qhalo
Vuyokazi Slatsha
Zukiswa Mncono
Nodyebo Gqebe
Nomvuyiseko Bonga
Lindikhaya Bhetya

FREQUENCY OF STANDING COMMITTEE MEETINGS AND ORDINARY COUNCIL MEETINGS

Standing Committee and Ordinary Council Meetings are held once a month respectively.

ATTENDANCE OF MEETINGS

All Councillors devote much of their time to matters related to their respective portfolios and representation on public bodies.

It is very unfortunate to observe that Ward Committee Meetings were not held regularly, since few reports were received from the relevant Ward Committees. Ward Committees were established to improve communication between the Council and the various structures.

ADMINISTRATIVE SUPPORT FOR COUNCIL ACTIVITIES

Councillors are being supported by the Municipal Managers and supporting staff in all Council activities by arranging meetings on behalf of them.

- Attending meetings to explain policies of the Council and any technical information
- Assisting in interpreting Municipal legislation
- Organising cultural activities for Youth Day, Women's Day, Freedom Day, etc

SPATIAL AND LAND USE

- The Nxuba Municipality is situated at approximately 220 km east of the Nelson Mandela Metropole
- The area is divided into 4 wards (1 rural and 3 urban)
- Mountain terrain and hill with moderate gradients characterises the area
- The study area is mostly underlain by sedimentary rock of the Balfour formation, shallow mudstone and sandstone of the Beaufort group
- Poorly developed soil on rock with limestone is found in the lower lying areas
- Adelaide and Bedford are the main urban centres
- Highest population concentration is found in urban areas
- The rural areas (beyond urban areas) comprise formalised privately owned farms

SOCIO – ECONOMIC

- There are 24 801 people residing in the Nxuba Municipality
- 5 427 households with the average household size of 4,7 people per household
- 82% of the households live in the urban areas
- Economically active group constitutes 47,0%
- More than half the population is female (53%)
- 62% of the households are headed by males
- A population growth rate of 0, 94 has been experienced over the past 5 years;
- There has been an increase in the unemployment rate over the past 10 years from:
 - 36% to 53% - Adelaide District
 - 28% to 39% - Bedford District
- Agriculture, Government and Community services sector employ the majority of the workforce (77%)
- 58% of the households earn less that R 18 000 per annum
- The dependency ratio is 2 people for each employed person
- 71% of the households are living below the minimum living level
- Agriculture, Government and Trade is an important contributor to the GGP of the region

ACCESS TO SERVICES

This is not Nxuba's function anymore this function is being taken over by ADM at July 2006. The Nxuba Municipality is playing an oversee role.

- The majority of the households have access to portable water:- on-site 67% and public taps, 25%
- There is insufficient bulk water supply for Adelaide
- 53% of the households, most living in Lingelethu and Nyarha, are using bucket systems
- Most households have access to telephones and postal services
- The solid waste site in Adelaide is not permitted in terms of the minimum requirements for a landfill site
- Roads are on average in poor condition
- Erosion is the main problem on the gravel roads (Lingelethu and Nyarha)

- Due to ownership issues, the status of services is unknown in these rural areas (Privately owned farms). The Municipality does not supply any services to these communities.

SOCIAL INFRASTRUCTURE

- 2 Hospitals (in Adelaide and Bedford) and clinics are spread throughout the region
- Educational facilities are spread throughout the area, however the teacher pupil ratio is high:- 1:50 on average
- Sports facilities are within easy reach, but they need upgrading and maintenance
- Recreation facilities in the form of community halls also need upgrading and maintenance
- Magistrate Courts are located in both Adelaide and Bedford
- Crime is relatively low

HOUSING

- The majority of the population (78%) live in formal structures
- According to PIMSS IDEA 2001, 1 139 households live in informal and traditional houses
- The current need for low-income subsidised housing is estimated at 3 146 units
- The expressed housing need in terms of the Provincial Housing Development Plan is 3 000 units
- Land is required for low income housing units

EXECUTIVE SUMMARY

VISION

Nxuba Municipality, a catalyst for a sustainable development for all.

MISSION

Nxuba Municipality strives to render services in an integrated manner.

Introduction

Another year of developing new strategies, improving skills, increasing service delivery and generally improving ourselves to excel in Local Government has come to pass. We look back at all the challenges we faced, as we close yet another Chapter in the history of one of the fastest growing towns in the Eastern Cape and how we managed them together with many opportunities.

This is where our employees build individual and organizational competencies to ultimately increase the performance and long term sustainability of our Town and improve on service delivery all the way.

Year under review

The Nxuba Local Municipality has zoomed in on Social and Economic Development and Environmental Management of the entire city. The Administration has fully implemented

the Batho Pele principles which were adopted by Council. The scene has been set and the momentum is in place for improved service delivery, greater responsiveness and increased accountability.

The broad development strategies and targets are contained in the respective master plans, which, in turn, are enshrined in the IDP.

Essentially, the IDP has been (and should always be) compiled with a strong focus on service delivery and infrastructure investment with the aim to achieve strategic development goals. In the process we have pursued a more practical IDP, which is holistic in order to enhance municipal performance. The IDP is practical in the sense that ideally it focuses on:

- Dealing with backlogs
- LED initiatives
- How to alleviate poverty
- Socio economic development
- SDF
- Effective use of scarce resources
- Sustainable development
- Coordination between all spheres of Government
- Developing Municipal capacity within the IDP framework.

The successful implementation of the IDP was achieved through the bottom up approach, namely

- Full community participation
- Strengthening community structures
- Engaging local residents
- Providing accountable, transparent and fair representation
- Ensuring a consultative and sustainable process throughout.

The establishment of 4 Ward Committees makes it a lot easier to respond more speedily to the Community's needs and aspirations and provide a firm form of support to ensure fair and equitable service delivery.

We strive through the IDP, LED and SDF to bridge the gap between rich and poor through job creation, tourism and release of land for the poor. An LED Charter, the first in the Country was launched to make Local Economic Development a reality rather than a dream.

I can boast of a strong and sound administration that is geared to fulfilling the needs of the Town with great diligence. Currently the Staff Compliments is 141. We place high premium on the communities we serve.

R4000 000.00 capital budget was spent mainly on infrastructure while R 23 859 376.00 was spent on operational matters.

The Nxuba Municipal Administration commits itself to:

- Equal access to services for all
- Ensuring that Trust and Confidence prevail
- Remaining transparent and accountable
- Insisting on best practices for optimal services delivery

- Sound financial management
- Striving towards optimal Local Economic Development with the emphasis on job creation
- Striving to create a platform for change

Challenges Facing the Nxuba Municipality

Unqualified Audit Report

The aim is to strive towards an unqualified Audit Report by addressing the issues around Property, Plant and Equipment (Asset Management). I realize this will not and cannot be resolved overnight. However, the matter is being attended to.

Legal Imperative

In terms of Legal Frameworks, the Municipality must, for each financial year, prepare an annual report in accordance with Section 46 of the Systems Act of 2000 and Chapter 12 of the Municipal Finance Act no. 56 of 2003.

This report was compiled in relation thereto:

- A record of activities during the financial year
- Record of performance against the budget of the Municipality
- Provide accountability to the local communities for decisions made throughout the year
- Annual financial statement for the year
- Auditor General's annual report in terms of Section 126 (3) of the Municipal Finance Act and Section 45 (b) of the Municipal Systems Act
- And Section 3 (a-k).

Furthermore:

In terms of Section 72 of the Municipal Finance Management Act, 2003 Act 56 of 2003, the Accounting Officer must:

Assess the performance of the Municipality during the first half of the financial year, taking into account the following:

- the monthly statements, detailing the expenditure on capital projects, income and expenditure
- the municipality's service delivery performance during the first half of the year and service delivery targets and performance indicators set in the service delivery budget implementation
- the past year's annual report and progress on resolving problems identified in the

Conclusion

I submit this overview in appreciation of support rendered by all Councillors and the loyalty, cooperation and hard work I enjoy

CHAPTER 2

BACKGROUND: SERVICES PROVIDED BY NXUBA MUNICIPALITY

The following key trading services are provided and rendered by the Municipality.

ELECTRICITY

OVERVIEW

This function is rendered by the Municipality in terms of an agreement signed between Nxuba Municipality and the National Electricity Regulator (NER) under license number NER/D/DEC 128 for the Adelaide and Bedford urban areas. The commercial rural areas are being serviced by Eskom.

The Council's electricity undertaking maintains a steady increase as shown by the following statistics:

	08 / 09	09 / 10	10 / 11
Cost per year	R7 008 017.76	R7 463 538.43	R8 359 163.04
Cost per unit	0.641	0.688	0.77

SERVICE DELIVERY RECORDS

97% of households in the Nxuba area have access to electricity services. A free basic service policy is in place and is being implemented. In terms of our progressive Indigent Policy, the following categories have been determined by the Council:

100%	R 0,00	–	R 940.00 per month
50%	R940.00	–	R1 100.00

This policy allows for the provision of free access to electricity.

- 17,2% of households with income below R1 100,00 per month had access to free basic electricity since January 2001.
- 1 000 pre-paid electricity connections were made in order to provide electricity to residents during the 2007 / 08 financial year. No new connections have been made due to a backlog in housing.
- No new applications were made to the NER for 2008 / 09, due to the lack of houses.

KEY PROBLEMS AND CHALLENGES

The existing electricity infrastructure for Adelaide and Bedford towns (excluding the township) is more than 50 years old and needs urgent upgrading, since it contributes to electricity distribution losses of 10%.

Provision has been made in the Integrated Development Plan (IDP) for the upgrading of the abovementioned project, but no funds could be sourced during the 2007 / 08 financial year.

WATER

OVERVIEW

Water is being handed over to Amathole District Municipality during July 2006. Nxuba Municipality is playing an observer role.

Water problems were experienced during September, October, November and December 2007.

PROVISION OF REFUSE REMOVAL SERVICES

6 600 refuse removal connection points are serviced by the Municipality on a weekly basis.

All business refuse removal is done twice weekly.

KEY PROBLEMS AND CHALLENGES

The existing refuse removal tractor and trailer need to be replaced with a new compactor refuse removal truck. The existing refuse removal truck is also old and need to be replaced.

FREE BASIC SERVICES

Electricity – 25 units
Refuse removal

1 290 indigent households have access to free basic services.

The cost of free basic services provided by the Municipality is as follows:

Electricity	R0.641 per 25 kilowatt	x 1 290 indigents = R20 672.25 / month
Refuse removal	R36.29 per household	x 1 290 indigents = R46 814.10 / month

KEY PROBLEMS AND CHALLENGES

Nxuba Local Municipality is providing free basic services for the disadvantaged, the poor and unemployed. In 2001, when free basic services were implemented, the Equitable Share Grant was unconditional, but now it is conditional. The indigent population in Nxuba Municipality has grown, but the IGG did not grow with the indigent policy.

ROADS AND STORM WATER

OVERVIEW

The construction and maintenance of roads and storm water within Nxuba jurisdiction is the responsibility of the Local Council.

SERVICE DELIVERY RECORDS

- Maintenance was done on 6.4 km of dirt / gravel roads in Adelaide and Bedford
- Normal maintenance could not be done on roads in areas where bucket eradication projects are still in progress.
- Normal periodical maintenance was done on storm water drains, when and where required. A work programme is being followed in Adelaide and Bedford for the maintenance of roads. A MIG project is being implemented to have some of the access roads in the amount of R4 397 985.52.
- The roads that are being paved are priorities roads in Adelaide and Bedford. This is a 3 year project.

The roads identified in Adelaide are:

Bonani Street – 621m
Njoloza Street – 509m
Ngxulelo to Dingee Street – 1004m
Viljoen Street – 537m
Sam Botha to Winterberg Drive – 1068m
Antoni & Magwa – 633m
Canda & Ndzala – 777m
Jorha – 250m
Jongilange – 200m

The roads identified in Bedford are:

Plasket Street – 700m
Borton Street – 280m
Violet Street – 200m
Ntlama Street – 560m
Ntlama Street (2) – 760m
Lukanhiso Street – 280m
Kangela Street – 780m
Mndeni Street – 260m
Hutton Street – 800m

KEY PROBLEMS AND CHALLENGES

- We have the capacity to perform the abovementioned maintenance, but we experience problems in terms of road construction machinery to deliver the service.
- Provision has been made in the Integrated Development Plan (IDP) document to purchase the equipment.
- The Municipal Infrastructure Grant (MIG) funding of R1.7 million for the upgrading of roads is still with Amathole District Municipality (ADM).

ENVIRONMENTAL ISSUES

Environmental Health and Safety issues are being dealt with by Amathole District Municipality (ADM).

BUILDING CONTROL

- Building control is a Department on its own and is managed by the Infrastructure Manager. A building inspector has been appointed in August 2007.
- When building plans are received it is scrutinized for compliance with the building and other relevant regulations and then submitted to Council for approval.
- Warning letters and legal actions are taken handled by the legal building practitioner.
- Low costs housing projects of Council are inspected and monitor by quality. Progress inspections for payment of labour and material claims must also be done on a regular basis.

DISASTER MANAGEMENT

OVERVIEW

- To enhance the capacity of the Municipality to prevent and to deal with disasters, and to avoid developments which are subject to high risks of disaster.
- The Disaster Management consists of a Disaster Management Clerk and four fire fighting volunteers. This is a sheared service with Amathole District Municipality.

EQUIPMENT

The disaster fleet consists of a Toyota bakkie, fitted with a fire skid for all fire fighting operations. There is also a Nissan bakkie provided to Nxuba by Amathole District Municipality for Disaster Management activities.

EDUCATION AND AWARENESS PROGRAMMES

- Awareness campaigns are conducted at Schools.
- National Veldt & Fire Act workshops are also conducted to Ward Councillors and the CDW's by Amathole District Municipality (ADM) & DWAF.

CHALLENGES

There is currently no budget for the disaster centre, due to the fact that no volunteers work over weekends these results to the response time to disasters longer. Animals are kept in the communal grounds and there is overflowing of pump station (sewerage) into rivers. Storm water systems needs to be upgraded.

HOUSING

- Most of the residents within Nxuba region live in formal housing structures, some of them need renovation as they were built during the apartheid regime. The number of people on the housing waiting list is 3 146.
- Additional land is needed for the construction of low income houses.
- 1 139 household live in informal or traditional houses.
- The housing project was on a standstill because of an investigation into the awarding of tenders and complaints by the local builders.

PROJECTS

200 Goodwin Park	150 completed	50 outstanding	
624 Bez'ville	412 completed	212 outstanding	
172 Zinc Houses	89 completed	83 outstanding	
481 Sites	455 completed	11 outstanding	15 in construction phase
428 Mud Houses	389 completed	30 outstanding	

KEY PROBLEM AND CHALLENGES

- There is currently no land for medium to high income class houses
- Funding for Government housing projects take a long time to be approved
- Contractors approved by Government are not reliable to deliver projects on time

PRIMARY HEALTH CARE

OVERVIEW

Nxuba Local Municipality is characterised with young population with the impact of HIV & AIDS currently unknown as accurate figures are not available. The objective of this health service is to achieve the highest state of health, social well being and development for the people of Nxuba by rendering a user-friendly service and to involve communities and all stakeholders in health issues affecting them.

STAFF

The staff performs is not questionably, as they indulge on in-service training and motivation. There is however a noticeable tendency of exhaustion and burnout amongst the staff which can be linked directly to the shortage of staff.

COMMUNICABLE DISEASES

The main diseases are TB, STD's and HIV/AIDS

Statistics are as follows:

TUBERCULOSIS

In Nxuba there is an increase in TB, which is an unhealthy situation. The opportunistic HIV/AIDS viruses break the immunity of resistance down and add to the increase to TB. This tendency is proof that the HIV/AIDS virus causes more damage that the man on the street realizes.

Statistics

- 2007/08

HIV/AIDS and STD's

The notification of HIV/AIDS is still not compulsory, therefore no accurate figures are available.

During 2007/08 40 mothers received Nevirapine.

A total of 500 clients were tested for HIV/AIDS with a total of 120 clients were tested positive

The total deaths due to the virus are unknown. What is known is that the disease is in a slumbering stage with only the peak of the iceberg visible.

OTHER ASPECTS

Mother to child health

Community involvement

Chronic care visits

HIV/AIDS meetings

District Office and Amathole District Municipality meetings

Recognized health days were held to make people conscious of the following:

Community based health care

Child and Welfare celebrations

Diabetic Week

Condom Week

TB day celebrations

World HIV/AIDS Day

TRAINING

Staff is trained on a continual basis. Some of the training included:

Community-based Health Care

Tuberculosis

Prevention of mother to child transmission

Voluntary counselling and testing (HIV/AIDS)

HIV/AIDS issues and related matters

STD's Training / Integrated Management of childhood infections

BAROMETER

An indicator on how busy the personnel at the clinics have been is the total headcount.

	2007/08
Bezuidenhoutville Clinic	5 900
Bedford Town Clinic	7 841
Nomakwezi Clinic	6 540
Mzamonthle Clinic	<u>10 000</u>
Total Headcount	24 381

KEY PROBLEMS AND CHALLENGES IN HEALTH SERVICES

The main problems are:

- The increased workload and responsibilities in the Environment and Primary Health Sections.
- A shortage in medication because of the non-investigation of the needs at floor level by provincial level.
- The non-availability of transport for clinic personnel.

CHAPTER 3

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Institutional Structure

The institutional structure of the Nxuba Municipality is divided into two (2) sections, namely political and administrative structure which is accountable to the political structure.

Political Structure

The centre of the Nxuba Municipality's political structure is Council, which operates through a number of committees. Listed are the committees that assist Council in carrying out its political responsibilities and mandates:

- ❖ Rules Committees
- ❖ Audit Committees
- ❖ Standing Committees
 - Infrastructure
 - Corporate Services
 - Community Services
 - Development and Planning

These committees are established in terms of section 79 and 80 of the Local Government Municipal Structure Act 117 of 1998 (as amended)

Administrative Structure

The centre of the Nxuba Municipality's administrative structure is Municipal Manager, who administers with departments and various units reporting directly to him.

The organizational and establishment plan for the Nxuba Municipality and various departments is as follows:

The Nxuba Municipality top structure is summarised as follow:

Name: Nxuba Municipality

Purpose: To develop and implement an Integrated Development Plan for the Nxuba Municipality

Functions:

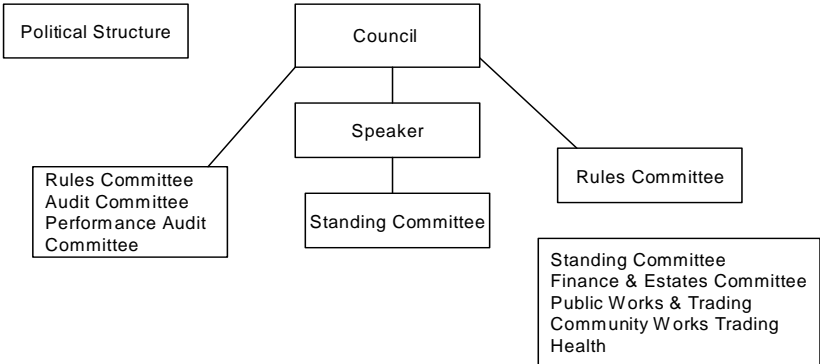
- Management of the municipality;
- Rendering administrative services to the municipality;
- Rendering financial services to the municipality;
- Rendering human resources to the municipality
- Rendering health and protection services;
- Rendering engineering services;

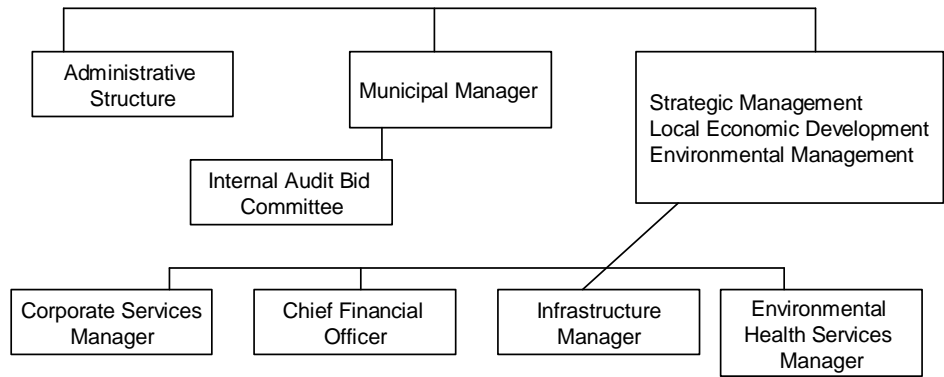
There four (4) departments to perform the function, namely:

- ❖ Municipal Manager's office
- ❖ Corporate Services
- ❖ Budget and Treasury office
- ❖ Infrastructure

The Nxuba Municipality institutional structure is illustrated as follows:

INSTITUTIONAL STRUCTURES





BREAKDOWN OF POSTS PER DEPARTMENT

Department	No of Post per Department	Total	Filled	
Office of Mayor	Mayor Support Services	9	4	
	Total	9	4	
Municipal Manager's Office	Municipal Manager	1	1	
	Secretary	1	1	
	Total	2	2	
Corporate Services	Corporate Services Manager	1	1	
	Secretary	1	-	
	Secretary Mayors Office	1	1	
	Human Resources Officer	1	1	
	Personnel Clerk	1	1	
	Payroll Clerk	1	1	
	LED Officer	1	1	
	Tourism Officer	1	-	
	Chief Traffic Officer	1	1	
	Traffic Officer	1	1	
	E-natis Clerk	1	1	
	Land Use Management Officer	1	-	
	Asset Management Officer	1	-	
	Librarians	2	2	
	Librarian Assistant	2	2	
	Senior Admin Officer Committee	1	1	
	Admin Assistant	1	-	
	Telephonist / Receptionist	1	1	
	Admin Clerk Registry & Archive	1	1	
	Typist / Telephonist	2	2	
	Messenger / Cleaner	5	1	
		Total	28	19
Financial Administration	Chief Finance Officer	1	1	
	Senior Accountant Budget	1	1	
	Accountant Expenditure	1	1	
	Supply Chain Management Officer	1	1	
	IT – Admin	1	-	
	Accountant Revenue	1	-	
	Secretary	1	-	
	Creditors Clerk	2	2	
	Debtors Clerk	1	1	
	Debtors / Natis Clerk	1	1	
	Meter Readers	4	3	
	Cashiers	2	2	
	Help Desk Officer	2	-	
	Municipal Accountant Interns	2	2	
		Total	21	15

Department	No of Post per Department	Total	Filled
Infrastructure	Infrastructure Manager	1	-
	Electrician	2	2
	Artisans Assistant	4	2
	Disaster Management Officer	1	1
	Superintendent (Roads & Storm Water)	2	2
	Foreman (Parks)	1	1
	Backhoe Driver	1	-
	Tractor Driver	6	5
	Truck Driver	2	2
	General Workers	67	50
	Grounds man sport field	4	2
	Cemetery Caretaker	4	2
	Secretary	1	-
		Total	96
Environmental Health Services	Environmental Health Services Manager	1	-
	Secretary	1	-
	Environmental Health Service Officer	1	-
	Factotum Refuse Removal	2	2
	Building Inspector	1	1
	Housing Officer	2	1
	Truck Drivers	2	2
	Tractor Drivers	2	-
	Street Sweepers	4	4
	General Workers	2	-
	Refuse Workers	10	10
		Total	28
Clinic	Senior Professional Nurse	1	-
	Professional Nurse	8	5
	Nursing Assistant	4	2
	Community Health Worker	4	4
	Messenger / Cleaner	4	4
	Total	21	15
	Grant Total	204	141

APPOINTMENTS 2007/2008 FINANCIAL YEAR

1.	R. P. Du Plooy	-	Chief Traffic Officer
2.	B. C. Piko	-	Personnel Clerk
3.	F. S. Scott	-	Building Contact Officer (1 year Contract)
4.	M. Mlenze	-	Supply Chain Management Officer
5.	G. Bishop	-	Electrician
6.	L. Gouwer	-	Nursing Assistant
7.	F. Ngxelo	-	Nursing Assistant
8.	S. Mahomba	-	Accountant Intern
9.	A. Zindlu	-	Accountant Intern
10.	S. Mboyiya	-	Cashier
11.	M. Jack	-	Cashier
12.	S. Kopsam	-	Tractor Driver
13.	N. P. Mangwana	-	Tractor Driver
14.	L. L. Guba	-	Cemetery Caretaker
15.	M. Ncama	-	Cemetery Caretaker
16.	S. Sabani	-	General Worker
17.	V. S. Tukani	-	General Worker
18.	Z. O. Tshango	-	General Worker
19.	M. Momnganga	-	General Worker
20.	J. Oortman	-	General Worker
21.	V. Toring	-	General Worker
22.	A. Matiso	-	General Worker
23.	T. Swartz	-	General Worker
24.	C. De Lange	-	General Worker
25.	I. Koester	-	General Worker
26.	X. Norman	-	General Worker
27.	V. Slatsha	-	General Worker

RETIRED

1. H. Olivier

RESIGNED

1. F. Heemro

DECEASED

1. P. Hlakuva
2. T. W. Mzananda
3. V. Dyantyi
4. L. Ncana
5. P. Wentzel
6. G. Fredericks

INITIATIVES IN RELATION TO EMPLOYMENT ISSUES AND SUCCESSES

In 2002 the Municipality concluded a staff placement agreement with the Local Trade Unions. A Local Labour and a Placement Committee were established in order to facilitate and finalise the Placement Process.

WORKPLACE SKILLS PLAN

The Workplace Skills Plan 2008/09 was developed and submitted to LG SETA on 30 June 2008.

EMPLOYMENT EQUITY PLANS

The Equity Employment Report was submitted to Department of Labour by 30 September 2008. The employment equity plan intends to achieve a working environment that is governed by principles of representatively, equality, mutual respect and human development at the workplace, making the municipal workforce more representative and ensuring fair and equitable employment practices for all employees. It is further intended to create an organizational culture that is non – discriminatory and to give effect to all labour legislations in particular employment equity act and skill development act. Council has adopted an Employment Equity Plan in 2003, which was not fully operational due to institutional processes and procedures.

As evident is the above report of recruitment, the Council has taken upon itself to ensure that the objectives of employment equity are implemented in ensuring that those under representation of disadvantaged groups is addressed. The process of reviewing employment equity plan is being developed. Furthermore, the organizational audit has been undertaken to identify barriers in employment policies, practices and procedures and the working environment, which will enhance process of reviewing is current policies.

Skills Development Plan

The Skills Development Act of 1998 required employers to plan and implement learning programmes that will enable employees to acquire skills that will enhance their performance. The type of training intervention that is needed is derived from the IDP Objectives so as to ensure that quality service is rendered to communities in a most effective manner.

The Municipality has compiled, adopted and implemented the Workplace Skills Plan for the Financial Year 08/09. The plan involves the following:

- To develop, implement and report on the Workplace Skills Plan of the organization.
- To equip employees and council with necessary skills, knowledge for effective and efficient service delivery.

It has also complied with all the guidelines and regulations from the LGSETA.

KEY INITIATIVES

The following Human Resources Policies have been prepared and adopted by the Council:

1. Recruitment and Selection Policy

2. Disciplinary Procedure Grievance Policy
3. Training Policy
4. Overtime Policy and Control
5. Travelling Policy
6. Cell phone Policy
7. Performance Award Policy
8. Employee Study Assistance

KEY SUCCESSES

In terms of the Employment Equity Plan, the three highest levels of employment must be filled by Blacks. Appointments were made in order to comply with the Employment Equity Act.

Representation in the workplace has improved by an average of 90% in the first three highest levels of employment.

ORGANIZATIONAL CAPACITY BUILDING, OCCUPATIONAL HEALTH AND SAFETY AND EMPLOYEE ASSISTANCE

The strategic objectives of this function are tabulated as follows:

TRAINING AND DEVELOPMENT

- To equip the Nxuba Municipality, Councillors and Employees with the necessary skills, knowledge and attitude for effective and efficient service delivery.
- To organise Adult Basic Education and Training for employees who want to improve their educational status.
- To organise opportunities for student trainees to do practical work in the Council when that becomes the requirement for qualification.
- To develop, implement and report on the Nxuba Workplace Skills Plan.
- To develop and review all training and development-related policies.

JOB EVALUATION

The municipality completed the process of Job Description and have received the results.

OCCUPATIONAL HEALTH AND SAFETY

- To implement the requirement of the Occupational Health and Safety Act and the compensation for injuries and diseases Act.
- To develop and review all occupational and safety-related policies.

EMPLOYEE ASSISTANCE

To ensure the health and safety of employees by providing the following services:

- Counselling to employees who need assistance
- Coordinating the HIV and AIDS programme in the workplace

- Primary and occupational health
- Educating employees on Employee Assistance Programme (EAP)
- Organizational Capacity Building

COUNCIL TRAINING PROGRAMME

The Nxuba Municipality is constantly making a concerted effort to ensure that sufficient skills exist to fulfil the responsibility with which it has been entrusted. To this end, the Council compiled a training programme informed by the identified training needs of Councillors and Officials. Such training needs had to be aligned with the business objectives of the Council (i.e. the Integrated Development Plan), and the skills plan of the local government sector (i.e. Skills Sector Plan). The training programme formed the basis of the Workplace Skills (WSP) for the Council, which was submitted to LGSETA.

Although some of the training for Councillors is facilitated through the South African Local Government Association (SALGA) Eastern Cape, the Council has a share of responsibility that compels it to make interventions where skills gaps not catered for by the former have been identified.

IDP SKILLS PROGRAM

35 Officials and Councillors attend the first training session that was held 3-6 June 2008.
29 Officials and Councillors attend the second training session that was held 11-13 June 2008.

1. LEARNERSHIP PROGRAMMES

Administration and Finance Learnership Programme

- ❖ We have one learner who participating in the programme has been appointed in the position of Cashier with effect from 1 January 2008.

Craft Learnership Programme

- ❖ Five applications with CV's were submitted to Amathole District on 17 January 2008 and the Service Provider will select two Learners from Nxuba Municipality

2. ABET PROGRAMME

- ❖ The programme was started in 2004 and thirty one (31) learners were registered. Only eighteen (18) managed to write examinations in November 2005. A Graduation Ceremony was held in February 2005 and learners received certificates.
- ❖ In 2005 learners were reluctant to reregister and meetings were held trying to motivate them to register but all was in vain.
- ❖ Shop stewards were approached and requested to motivate and encourage the learners. Response has not been received yet.

FINANCIAL INFORMATION ON MEDICAL AIDS AND PENSION FUNDS

2007/08 EXPENDITURE ON MEDICAL AID SCHEMES		
Name of Scheme	No of Members at 30 June 2008	Annual Costs
Bonitas	18	244 205.52
LA Health	6	153 492.00
MunMed	6	146 138.40
SAMWUMed	10	110 327.28
Hosmed	1	30 921.60
Global	2	25 494.00
Total	43	710 578.80

2007/08 EXPENDITURE ON PENSION FUNDS		
Name of Fund	No. of Members at 30 June 2008	Annual Costs
Cape Joint Retirement Fund	24	373 403.16
Cape Joint Pension Fund	24	186 701.76
SALA Pension Fund	36	654 254.16
SAMWU Provident Fund	22	244 205. 52
GRAND TOTAL	106	1 458 564.60

TOTAL PERSONNEL EXPENDITURE ANALYSIS OVER THE PAST 3 YEARS			
Financial Year	Total Personnel Expenditure	Total Municipal Budget	Percentage Variance
2003/04	10319932	10589884	2.6
2004/05	12224828	12344505	0.1
2005/06	12014801	12705553	5.7
2006/07	10721604	11856234	10.6

Employee Related Cost

Remuneration of the Municipal Manager (appointed 1 November 2004)		
	2006/07	2007/08
Annual Remuneration	386051	410753
Performance Bonuses	16%	
Acting Allowance		
Cell Phone Allowance		
Car Allowance		
Contributions to UIF, Medical & Pension Fund		64044

Total		
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Remuneration of the Chief Finance Officer		
	2006/07	2007/08
Annual Remuneration	247200	220000
Performance Bonuses	16%	
Acting Allowance		R0
Cell Phone Allowance		
Car Allowance		
Contributions to UIF, Medical & Pension Fund	15156	
Total		

Remuneration of the Director: Corporate Services Manager		
	2006/07	2007/08
Annual Remuneration	547200	230000
Performance Bonuses	16%	
Acting Allowance	R0	
Cell Phone Allowance		
Car Allowance		
Contributions to UIF, Medical & Pension Fund		
Total		

Remuneration of the Director: Infrastructure Manager		
	2006/07	2007/08
Annual Remuneration		
Performance Bonuses		
Acting Allowance	R0	R135688
Cell Phone Allowance		
Car Allowance		
Contributions to UIF, Medical & Pension Fund		
Total		

Remuneration of the Director: Environmental Health Services		
	2006/07	2007/08
Annual Remuneration		247200
Performance Bonuses		
Acting Allowance		
Cell Phone Allowance		
Car Allowance		
Contributions to UIF, Medical & Pension Fund		
Total		

Remuneration of Councillors		
	2006/07	2007/08
Speaker	320604	219052
Mayoral Committee Members	-	-
Councillors	987031	987031
Sitting Allowance	-	-
Total	1307635	1206083

In-Kind Benefits

The Speaker is a full time position which is provided with an office and secretarial support at the cost of the Council.

CHAPTER 4

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

The function of finance within the Municipality is administered as follows and includes:

- Financial Management and reporting, internally and externally for all stakeholders.
- These services extend to include accounting for all funds received from National and Provincial Government and from the District Municipality.
- The Municipality also has a mandate to collect payments for rates and services.

FINANCIAL STATEMENTS

The financial statements for the 2007 / 08 are all completed. The services of D. J. Sondiyazi / Charteris & Barnes a service provider have been procured to prepare the aforesaid financial statements. The project is completed.

SALARIES, ALLOWANCES AND BENEFITS OF POLITICAL OFFICE BEARERS

	2005 / 2006	2006 / 2007	2007/2008
Transport Allowance	65 620.41	270 388.23	287 343.00
Housing Allowance	21 443.92	0.00	0.00
Medical Aid	102 424.11	85 632.47	97 104.00
Pension Fund	850.74	93 244.91	89 763.00
Mayor's Allowance	84 634.56	229 469.01	247 032.00
Deputy Mayor's Allowance			
Councillor's Allowance	177 849.21	606 207.00	654 704.00
Telephone Allowance	17 754.17	13 989.97	72 931.00
Sub vote Total	470 577.12	1 298 931.59	1 448 877.00

REMUNERATION OF MUNICIPAL AND FINANCIAL MANAGERS

	2005 / 2006	2006 / 2007	2007/2008
Municipal Manager	386 052.00	410 760.00	454 535.04
16% Performance Bonus	61 1768.32	65 721.54	72 725.00
Total	447 820.32	476 481.54	527 260.04
Financial Manager	233 200.00	366 837.00	366 839.04
16% Performance Bonus	37 312.00	58 693.92	58 694.00
Total	270 512.00	419 530.92	425 533.04
Corporate Services Manager	247 192.00	305 208.00	305 199.96
16% Performance Bonus	39 550.00	48 833.28	48 832.00
Total	286 742.00	354 041.28	354 031.96
Infrastructure Manager	247 192.00		305 199.96
16% Performance Bonus	39 550.00		48 4832.00
Total	286 742.00		354 031.96
Environmental Health Services Manager	247 192.00		
16% Performance Bonus	39 550.00		
Total	286 742.00		

KEY PROBLEMS AND CHALLENGES

FINANCIAL STATEMENTS

The Financial Statement for Nxuba Municipality is produced and submitted to the Auditor-General up to the year ending 2007. Attached below is the copy of the Annual Financial Statements and the responses there off.

RESPONSES TO ISSUES RAISED IN THE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2008.

FIXED ASSETS

A Service provider has been appointed by Nxuba Municipality to compile a GAMAP/GRAP compliant Asset register that will be verifiable. The project will be complete by the end of the 2008/09 financial year and will thus be ready to used in the preparation of our annual financial statements.

WASTE MANAGEMENT

The intention of this report is to reflect on the status of our landfill sites

Legal Framework

The National Environment Management Act no 107 of 1998 requires a municipality to have an operating license in order to operate its management sites.

Background Exposition and facts

Municipality has two landfill sites i.e. In Bedford and Adelaide. Unfortunately the one in Adelaide is not licensed hence it was declared illegal.

Financial Implications

The services of a specialist in solid waste management will be utilized so as to produce plans and layout drawings that will be compliant to the Act 107 of 1998.

It is recommended that the

- That the services of a service provider be engaged
- The plan be in place by 05 February 09.
- Application for funding made to ADM, MIG and Environmental Affairs Department.

UNAUTHORISED EXPENDITURE

We shall ensure that all anticipated expenditure are budgeted for and will be strict on the management of such unauthorized expenditure for future purposes. Our new financial system will assist in the management and the monitoring of the budget.

ASSETS POLICY

In order for Council to acquire, dispose of and manage its assets, Council developed an Assets Policy that was adopted and approved by Council in 2002.

ASSET MANAGEMENT

A computerized Fixed Assets Management System which the service provider is preparing is also to update the Asset Register, as this is part of the project. Thereafter the Municipality will be able to exercise strict physical control of all assets, provide correct management information to facilitate accurate and timeous reporting on the status of council assets to Council.

An Asset Management Policy was adopted by Council but has not been implemented as a result of the aforementioned challenge.

SYSTEMS ACT

Council has been involved throughout the review process and the project is in final stages. By the beginning of the financial year, the Policies will be ready for implementation in the forthcoming financial year.

INSURANCE OF ALL MUNICIPAL ASSETS

A comprehensive insurance cover is in place for all Municipal assets. The insurance company is AON.

SUPPLY CHAIN MANAGEMENT

Municipality has implemented the chain management policy and the unit has been established.

GAMAP / GRAP CONVERSION

The Municipality is preparing to convert from Institute of Municipal Finance Officers (IMFO) standards to General Acceptable Municipal Accounting Practice (GAMAP) and General Recognised Accounting Practice (GRAP) for the 2008 / 2009.

INTERNAL AUDIT FUNCTION

The function is shared with Amathole District Municipality (ADM) and it report straight to Audit Committee.

AUDIT COMMITTEE

The Committee is function and here is the list of the audit members:

Miss. L. Smith - Chairperson
Miss. T. Kakaza - Audit Committee Member
Mr. L. Kemp - Audit Committee Member
Mr. M. Mnyango - Audit Committee Member

Attached below is the Audit Committee report for the year ended June 2008.

Committee members and meetings

The audit committee is consists Ms L Smith, CA(SA), Mr L Kemp (LLB), Ms T Kakaza (MBA) and Mr Mnyango.

The following are a schedule of meetings attended by the members to 30 June 2008: -

	9 October 2007	2 November 2007	7 December 2007	11 February 2008	11 April 2008	22 August 2008	16 October 2008
Ms L Smith (Chairperson)	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr L Kemp	Attended	Attended	Attended	Apology	Attended	Apology	Apology
Ms T Kakaza	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr M Mnyango	Attended	Attended	Apology	Attended	Attended	Apology	Attended

Duties and responsibilities

In performing its responsibilities the audit committee has reviewed the following:

- The effectiveness of the internal control systems;
- The effectiveness of the internal audit function;
- The risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- Any accounting and auditing concerns identified as a result of internal and external audits;
- The Municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant recommendations and the responses of management to these recommendations; and

- The scope and results of the external audit function, its cost-effectiveness, as well as the independence and objectivity of the external auditors.

The audit committee is also responsible for:

- Reporting to the Council and the Auditor-General where a report implicates any member(s) of the accounting authority in fraud, corruption or gross negligence;
- Communicating any concerns it deems necessary to the executive authority, the Auditor-General and if appropriate, the external auditor;
- Confirming the internal audit charter and internal audit plan;
- Encouraging communication between members of the Council, senior executive management, the internal audit department and the external auditors;
- Conducting investigations within its terms of reference; and
- Reviewing the annual financial statements prior to the annual audit for approval by the Council.

The internal audit department was outsourced to the Amathole District Municipality. Due to certain staff shortages the necessary number of internal audit projects were not performed. The Committee is concerned regarding the effectiveness of internal audit and has subsequently expressed concern to the Municipal Manager, the Amathole District Municipality Municipal Manager, Internal Audit Manager and Department of Local Government representative. This has adversely affected the effectiveness of the audit committee during the year under review and continues to affect the committee to date.

The controls surrounding the Finance Department at the Municipality are not functioning effectively. This has resulted in a Disclaimer of Opinion given by the External Auditors. This is of concern to the Audit Committee and hence require an “effective” internal audit to be implemented.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report with the Auditor-General;
- Reviewed the Auditor-General’s management letter and management’s response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

Conclusion

The Audit Committee is unhappy to report that the Municipality received a disclaimer of audit opinion and we concur and accept the Auditors-General’s conclusions on the annual financial statements.

L Smith
Chairperson
20 October 2008

CHAPTER 5

PERFORMANCE MANAGEMENT SYSTEMS

A Performance Management System based on the Municipal Scorecard approach was developed and approved by the Council in order to monitor the implementation of the Integrated Development Plan.

Performance Agreements were entered into between the officials concerned and the Mayor, on behalf of the Council. Score cards for employees are in place.

The Nxuba Municipality is, in accordance with the requirements of the Municipal Systems Act (2000) and its related Municipal Planning and Performance Management Regulations (2001), in the process of institutionalising organisational performance management. The Amathole District Municipality contracted Siseko Business Consulting to assist with the development of a Performance Management Framework to guide the planning, management and review of performance at all levels within the municipality.

The Performance Management Framework is understood to provide for a cyclical, iterative process of planning, managing and evaluating performance. Such performance takes place within the political and legislative mandates accruing to local municipalities, including specific delegations from national and provincial government departments.

The performance of the Nxuba Local Municipality is to be planned, monitored, reviewed and evaluated at all levels of the municipality, these being municipal, departmental, managerial and individual. The system of performance measurement may differ slightly at each level to accommodate the specific requirements of that level, but will contribute to the measurement of performance at the next level.

Monitoring & Evaluation

Nxuba Municipality has for the last financial year been monitoring the performance from Section 57 Managers to the employees reporting to the Section 57 managers. Accountability Agreements & Performance Promise was also entered into for all the other employees. Assessment of scorecard is done quarterly as stated in Municipal Systems Act 32 of 200.

Attached below is the Municipal Scorecard for 2007/08 financial year.