

INXUBA YETHEMBA MUNICIPALITY

ANNUAL REPORT



2007/8

1. MAYOR'S FOREWORD:

Democracy in South Africa is underpinned by a social contract between the governed, that is citizenry, and the authority that governs. This is especially true in local government, which is the closest sphere of government to the citizenry. In terms of this social contract, elected leaders are required to involve citizens in decisions regarding their own government, including the determination of priorities and key programmes of the municipality.

Local government is positioned to create the participatory framework that defines and enhances the relationship between representatives and citizenry. Part of the municipal leadership mandate is to provide regular and predictable reporting on programme performance and general state of affairs in the municipality.

The annual report for 2007/8 is an attempt to provide an overview of the municipality's performance in line with Section 46 of the Municipal Systems Act (Act 32 of 2000) and Chapter 12 of the Municipal Finance Management Act (Act 56 of 2003). This is meant to:

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

1.1 PERFORMANCE DURING THE YEAR

The basis upon which our performance should be assessed is the Integrated Development Plan with specific focus on key performance areas as follows which informs the Local Government 5 year agenda:

- Basic Service Delivery and Infrastructure
- Municipal Transformation and Institutional Development
- Local Economic development
- Municipal Financial Viability
- Good Governance and Community Participation

1.1.1 PRIORITIES FOR THE FINANCIAL YEAR

Our priorities for the financial year (2007/8) were the following:

- ❖ Roads Infrastructure
- ❖ Financial Recovery Plan
- ❖ Waste Management
- ❖ Electricity Infrastructure
- ❖ Upgrading of Social Infrastructure
- ❖ Local Economic Development
- ❖ Human Resource and Organizational Transformation

1.1.2 PERFORMANCE TARGETS AND MEASURES TO IMPROVE

The following can be reported on indigent support

- 8014 households were registered as indigents
- 100% of registered indigents households had access to 50 units of free basic electricity
- 100% of registered indigents households had access 6kl of free basic water
- 100% had access to free basic sanitation
- 100% had access to free refuse removal

In addition a process was initiated to supply each household with 4 refuse bags per month. This process certainly desires a lot to improve its coordination.

With the new policy adopted, which provides for a 100% subsidy to all qualifying indigents irrespective of household income bracket as in the past, there will be an improved implementation of indigent support.

It must be reported that the municipality has advanced a step in managing and accounting for its finances as attested to by being one of a few municipalities in the province to have received a qualified audit in the midst of adverse audit opinions and disclaimers.

There are good prospects for development and boost in the tourism potential of the municipality when the projects funded by DEAT for about 30million rand come to fruition. These projects amongst others include, upgrading of Vusubuntu, construction of a Tourist Information Centre, Urban Greening, upgrading tourists' sites, and construction of the Cradock 4 Garden of Remembrance.

1.1.3 CHALLENGES

The finalization of the process to transfer Rosmead has become more than urgent. This is more so because whilst we count of successes achieved in bucket eradication, housing and electrification the residents of this Transnet camp remain worse off. This is an indictment to this community as it cannot access basic services that the government they are voting for is making available because of the land ownership debacle. This sounds a clarion call to all stakeholders involved to see to the speedy resolution of this problem.

Inxuba Yethemba Municipality cannot rest until the water crisis currently experienced in the Middelburg unit is addressed once and for all. It is quite clear that a lasting solution to this problem cannot be attended to by the Water Services Provider (IYM) and Water Services Authority (CHDM) alone. All spheres of government and relevant stakeholders need to join hands.

The dilapidated and inadequate infrastructure poses a serious challenge to current and future developments. In the sewer works this manifests itself by constant damage of sewer pumps and bursting of pipes, due to aging or inability to carry the huge loads. This would bring a halt to all major developments which can impact on this infrastructure. As far as electricity is concerned some developments which had a potential of boosting the local economy and create jobs could not proceed because of the capacity constraints to supply them in the Cradock unit, although the matter is receiving urgent attention.

In conclusion, let it be restated again that Inxuba Yethemba Municipality is still on a long and rough road, however despite all this we are inspired and motivated by the successes that we manage to score in this process. There is no amount of challenges that will make us to waver on our commitment and resolve to graduate as a full member in the community of Developmental Local Government.

1.2 OVERVIEW OF THE MUNICIPALITY

1.2.1 Introduction

Inxuba Yethemba Municipality is approximately 240km north of Nelson Mandela Metro. It is comprised of the former Middelburg EC and Cradock Local and rural councils with their urban centres situated 100km apart. Cradock consists of suburb of Cradock, Lingelihle and Michausdal communities, whilst Middelburg has the Middelburg suburb with Kwanonzame Lusaka, and Midros communities.

The two urban centres of Cradock and Middelburg are fairly similar with well developed CBD's and fair infrastructure whilst a lot still needs to be done in the former previously disadvantaged communities. The rural areas of both towns are mostly commercial farms, with small settlements in rural areas of Mortimer and Rosmead.

The N10 National Road which is the vital economic link between Port Elizabeth and the North runs through Cradock and skirts Middelburg. The economy of the area is largely based on agriculture and tourism with small and medium enterprises, formal sector like government departments and finance and commercial institutions.

1.2.2 Geographic profile

The municipal area stretches over a geographical area of 11594.65 square kilometers comprising of a potentially arable area with a slope ranging from 0° to 12°, with the rest of slope above 12° being mountainous area that is not arable.

The area is characterised by harsh climatic conditions with day temperatures averaging between 20°C and 40°C and night temperatures between - 5°C and 16°C. The average annual rainfall is between 200mm and 300mm with north westerly and westerly winds being more prevalent.

Most of the municipal area is covered with shrub land and low fynbos. The veld type is typical Karoo vegetation which is ideal for stock farming. Inxuba Yethemba falls within the Great Fish River drainage system and its many tributaries. Cradock receives its water from the Gariep dam through a transfer scheme which is managed by the Department of Water Affairs and Forestry whilst Middelburg on the other hand solely depends on its ground water.

The present drought has thus a detrimental effect on water sources in Middelburg.

1.2.3 Demographic profile

The demographic data used is derived from 2001 population census figures which are far less than information derived from other sources including municipal data.

Table 1.1: Population distribution

Population Demographics								
		Race					Gender (%)	
Ward	Population	African	Coloured	Indian	White	Other	Male	Female
1	5858	77.5	17	0.0	5.4	0.1	46.6	53.4
2	8201	5.3	94.4	0.1	0.1	0.1	46.4	53.6
3	5688	56.7	9.5	0.1	33.5	0.2	49.2	50.8
4	8424	36.4	23.9	0.1	39.4	0.2	50.1	49.9
5	2427	99.0	0.7	0.0	0.0	0.3	46.5	53.5
6	5929	45.1	36.9	0.0	17.8	0.2	55.9	44.1
7	9611	96.7	3.2	0.0	0.1	0.1	45.6	54.4
8	8205	15.2	84.3	0.1	0.3	0.1	46.7	53.3
9	5954	93.6	6.2	0.0	0.0	0.2	46.6	53.4

Source: Census 2001

The 2001 census statistics suggest a population of 60296 for the whole of Inxuba Yethemba Municipality although highly disputed. More than 80 % of the population is concentrated in urban centres of Cradock and Middelburg with the rest scattered throughout the rural area. The women constitute the majority of the population with 51.8 percent as compared to 48.2 percent men.

1.2.4 Migration patterns

With the building of formal settlements there has been an influx of people into the urban centres from the rural areas. Also most noticeable as in many parts of the country the number of immigrants is increasing rapidly. This poses new challenges as their needs have also to be catered such as places of worship and cemeteries as they are largely of Muslim religion.

1.2.5 Socio Economic profile

Inxuba Yethemba forms part of the Karoo Midlands, which is predominantly an agricultural area. The tourism industry also contributes significantly to the economy of the area. Both these sectors remain not to reflect the demographics of the municipality in terms of their benefits as they continue to be monopolized by the previously advantaged members of our community.

1.2.6 Employment Profile

Table 1.2 Employment

Category	No. of People	%
Not Economically Active	16099	70.6
Unemployed	9863	43.2
Employed	12917	53.5
Total	22780	100

Source: Census 2001

The statistics although not a true reflection of Inxuba Yethemba employment profile still indicate that 43.2 of the population is unemployed which is still a very conservative figure. The materialization of the Sugar Beet project in the area will go a long way in provision of jobs and boosting the economy of the area.

- Employment by Gender (2000)

Table 1.3 Employment by Gender

Magisterial District	Economic Active Population	Male Formal	Female Formal
Cradock	13691	4158	2255
Middelburg	8582	2683	1412

Source: WEFA (2001)

Discrepancy exists in employment pattern because although women constitute the larger portion of population few of them are formally employed.

1.2.7 Household Income

The following table indicates the income distribution of the population

Table 1.4 Income Distribution

Income	Household	%
None	2727	16.9
R1 – R4800	1941	10.2
R4801 - R9600	3996	24.8
R9601 – R19200	3092	19.2
R19201 – R38400	1807	11.2
R38401 – R76800	1150	7.1

R76801 – R153600	793	4.9
R153601 – R307200	386	2.4
R307201 – R614400	78	0.4
R614401 – R1228800	28	0.1
R1228801 – R2457600	41	0.2
Over R2457600	10	0.06
Total	16049	

Source: Census 2001

From the table it is evident that 70% of the households in Inxuba Yethemba are either without income or earn less than R1600 per month.

1.2.8 Poverty Levels

Households living below Minimum Living Levels (MLL)

Table 1.6 Households below MLL

Magisterial District	Households below MLL	Household below MLL %	Total Households
Cradock	6061	70.5	8603
Middelburg	3204	68.9	4652

Source: DIB (2001)

The table indicates that 70% of the households in Inxuba Yethemba live below Minimum Living Level.

The following Table indicates the dependency ratio in Inxuba Yethemba

Table 1.7 Dependency Ratio

Magisterial District	Dependency Ratio
Cradock	1.78
Middelburg	1.81

Source: WEFA (2001)

From the table it is clear that a large percentage of the population is dependant on a few that is working.

1.2.9 Contribution to Gross Geographic Product (GGP)

Table 1.8 Contribution to GGP

Gross Geographic Product	% of Karoo Midlands	% of Eastern Cape
Agriculture, Forestry, Fishing	14.15	4.31
Manufacturing	26.62	2.73
Electricity, Water	54.01	2.17
Construction	18.72	4.07
Trade, Catering	30.34	5.11
Transport, Communication	51.15	6.19

Finance, Real Estate	31.35	5.05
Community Services	37.63	4.61
Less Imputations	35.22	5.86
General Government	17.03	4.03
Other Products	23.07	2.95
Total Contribution	23.43	3.41

Source: Census 1996

Great potential exist for tourism, game farming and agriculture more especially along the banks of the Great Fish River.

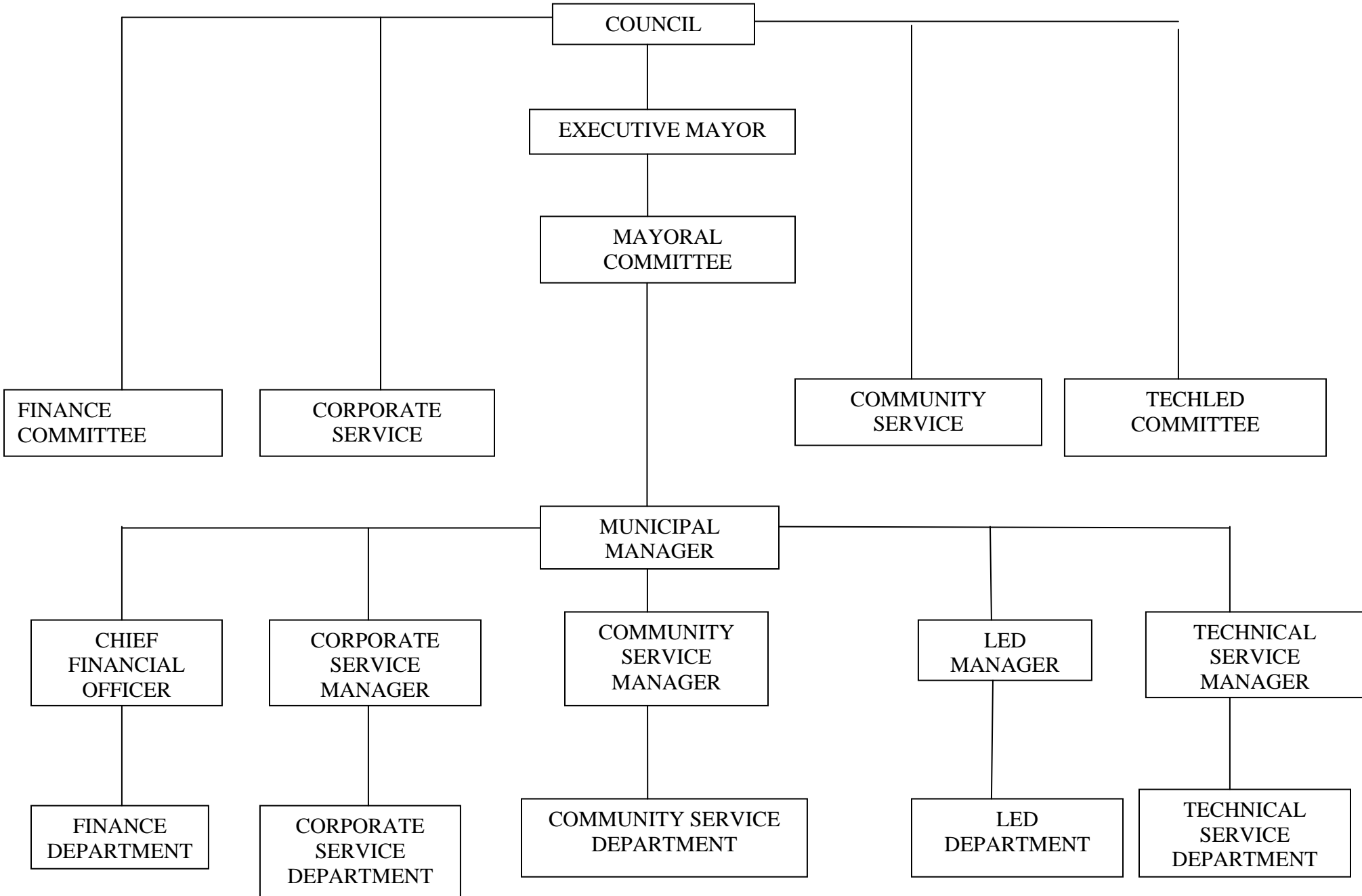
1.3 IDP Priority Areas

- ❖ Roads Infrastructure
- ❖ Financial Recovery Plan
- ❖ Waste Management
- ❖ Electricity Infrastructure
- ❖ Upgrading of Social Infrastructure
- ❖ Local Economic Development
- ❖ Human Resource and Organizational Transformation

1.4 Institutional overview

The Municipal Council has a Mayoral Executive Committee combined with Ward participatory system. There are 18 councilors of which 9 are ward councilors and 9 proportional representation councilors.

The administration is headed by the Municipal Manager who is the accounting officer and a manager for each of the 6 departments as indicated in figure 1.



2. SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

2.1 Water Services

2.1.1 Water services delivery strategy and actors

Inxuba Yethemba Municipality is a Water Services provider in its area of jurisdiction on behalf of Chris Hani District Municipality which is the Water Authority. The municipality purchases bulk raw water from the Fish River Scheme in Cradock unit. The water is treated and distributed to the consumers. In the Middelburg unit the water is pumped from boreholes and distributed to the consumers.

2.1.2 Level and standard of water service

Table 2.1 Water Access by household

Water Source	% Households Census 2001	% Households RSS 2006	% Households CS 2007
On site	87.4	96.5	91.30
Borehole/Tank	0.9	1.4	5.5
Communal Stand Pipe	10.2	2.2	2.6
Natural water/Dam	0.9	0.0	0.6
Other	0.7	0.0	-

Source: Census 2001, RSS 2006 and CS 2007

Households in Inxuba Yethemba obtain their water from the sources listed in table 2.3. It is evident from the table that most households have access to treated water and only a small percentage from natural sources. Most of the people in the rural areas of municipality receive water below RDP standards. With the existing growth rates and developments particularly water borne sewer, the water storage capacity requires expansion in the coming years. There has also been a marked improvement in quality water provision when a comparison is done between Census 2001 and RSS 2006 survey. The correctness of the community survey (CS) 2007 statistics is highly questionable and is not used for comparison

purposes. The backlog is standing at 10% and this translates to R3.8million according to CHDM 2007/8 IDP. With this picture both the provincial and national targets are within reach.

2.1.3 Annual performance as per key performance indicators in water services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households with access to water services	619	0	0	95.8
2	Percentage of households with access to basic water services	571	351	61	98.3
3	Percentage of indigent households with access to basic free water services	220*	0	0	95.6
4	Percentage of clinics with access to water services	-	-	-	100
5	Percentage of schools with access to water services	-	-	-	100
6	Percentage of households using buckets	-	-	-	100

* This refers to Rosmead which is currently a Transnet settlement

2.1.4 Challenges

Rehabilitation of the bulk water infrastructure and reticulation networks will have to be attended to as a matter of urgency as it has by far exceeded its lifespan. This results in water losses that exceed acceptable levels due to leakages. Water storage and treatment capacity require expansion to meet the increasing demand.

Middelburg unit solely relies on ground water and currently ground water levels are at their lowest, posing a serious challenge to the municipality. A lasting solution is required and this can only be achieved by drawing water from Fish River Scheme. This is a huge project which even the District council as a WSA cannot undertake alone as the project is estimated to be approximately R100 million. Rosmead is the area which needs serious attention in terms of up to the erf water provision as is the norm in all other areas in the municipality. The land transfer from Transnet needs to be finalized first before projects can be implemented in this area

2.2 Electricity Services

2.2.1 Electricity services delivery strategy and main actors

The municipality distributes electricity to Cradock town, Michausdal and the whole of Middelburg. In Lingelihle township Eskom is the distributor. It also has a responsibility to provide and maintain streetlights throughout the municipality. Electricity is purchased in bulk from Eskom and distributed through the municipality's infrastructure and network. The municipality's role is administered as follows:

- ❖ Bulk purchase of electricity supply from Eskom
- ❖ Distribution of electricity to consumers
- ❖ Management of pre-paid electricity to consumers
- ❖ Taking measures to prevent theft of electricity
- ❖ Maintaining links with government departments and institutions like DME, NERSA etc.
- ❖ Implementation of projects on housing electrification
- ❖ Maintenance and upgrade of electricity infrastructure and networks
- ❖ Public lighting of streets and maintenance of street light fittings and fixtures

Strategic objectives of the function are:

- ❖ to ensure that all communities receive adequate and uninterrupted supply of electricity
- ❖ ensure adequate street lighting so as to provide safety and security in the communities

2.2.2 Level and standard in electricity service

2.2.2.1 Percentage households' use of electricity

	CENSUS 2001	COMMUNITY SURVEY (CS) 2007
Electricity used for lighting	82.5	94.1
Electricity used for heating	44.3	43.7
Electricity used for cooking	52.8	79

Source: Census 2001, CS 2007

2.2.2.2 Electrification in Inxuba Yethemba

Table 2.2

Ward	% Households With Electricity	% Ward With Adequate Street Lights
1	100	100
2	100	100
3	95	90
4	100	100
5	100	100
6	90	99
7	100	100
8	100	100
9	100	100

Source: Municipal Data 2007

2.2.3 Challenges

As is the case with water infrastructure the electrical infrastructure requires serious and urgent attention as the municipality is currently unable to meet the increasing current demands. Cradock unit is currently experiencing serious power supply shortcomings due to limited capacity levels. This is happening at a time when the area is experiencing an influx of people wanting to invest and local developers wanting to develop the area. This contradicts with our objective of wanting to develop the local economy and create jobs. Middelburg unit on the other hand is on a time bomb ready to explode. This is largely due to improper planning in the past, as there is currently no spare/ reserve transformer capable of carrying the full load should the one in use give in or require major servicing. This matter is receiving urgent attention as if anything happens half the community could be without supply for up to 12 months.

2.2.4 Annual key performance indicators in electricity services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households with access to electricity services	220*	0	0	98.2
2	Percentage of households with access to basic electricity services	220*	0	0	98.2
3	Percentage of indigent households with access to free basic electricity	All registered indigents	All registered indigents	100	100

* This refers to Rosmead which is currently a Transnet settlement

2.3 SANITATION

2.3.1 Sanitation services delivery strategy and main actors

The municipality collects waterborne sewerage via bulk sewer and street collectors. The raw sewer is treated at two treatment plants in Cradock and Middelburg.

The sanitation service is administered as follows:

- ❖ Maintenance of:
 - Sewer networks
 - Pump stations
- ❖ Installation of Sewer Lines
- ❖ Treatment of all waste water

2.3.2 Sanitation levels and standards

Table 2.3 Sanitation levels in Inxuba Yethemba

Ward	% With Full Sanitation
1	100
2	100
3	95
4	100
5	100
6	98
7	100
8	100
9	100

Source: Municipal Data 2007

The table indicates that all formal households serviced by the municipality have access to a waterborne sanitation. This is with the exception of Rosmead in ward 3 still owned by Transnet and areas in ward 6 that are privately owned farms.

Percentage distribution of households by type of toilet facilities

	Census 2001	CS 2007
Flush toilet (connected to sewer system)	65.7	91.2
Flush toilet (with septic tank)	3.0	1.5
Dry toilet facility	-	4.0
Chemical toilet	0.1	0.1
Pit latrine with ventilation	1.8	0.3
Pit latrine without ventilation	3.3	-
Bucket latrine	15.7	0.2
None	10.4	2.8

Source: Census 2001, Community Survey 2007

2.3.3 Challenges

Rosmead which is still owned by Transnet still poses a challenge as it is the only area where the deadline of removing buckets by 2007 could not be met. In this respect the process of transfer of land to the beneficiaries/municipality should be speeded up. Another grey area is with the privately owned farms. Whilst the project of bucket eradication can be hailed as having been highly successful, it has ushered new serious challenges in the municipality's sewer treatment plants and its bulk sewer connectors. This could be attributed to the huge increase in load with the eradication of buckets. This is coupled with the old bulk infrastructure and sewer works. This is substantiated by the frequent breakage of pumps in Cradock sewer plant and bursting of bulk sewer pipes in Middelburg.

2.3.4 Annual performance as per key performance indicators in sanitation services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households with access to sanitation services	220	0	0	99.23
2	Percentage of indigent households with access to free basic sanitation services	–	–	–	100 of registered indigents
3	Percentage of clinics with access to sanitation services	–	–	–	100
4	Percentage of schools with access to sanitation services	–	–	–	100

2.3.5 Challenges

Rosmead which is still owned by Transnet still poses a challenge as it is the only area where the deadline of removing buckets by 2007 could not be met. In this respect the process of transfer of land to the beneficiaries/municipality should be speeded up. Another grey area is with the privately owned farms. Whilst the project of bucket eradication can be hailed as having been highly successful, it has ushered new serious challenges in the municipality's sewer treatment plants and its bulk sewer connectors. This could be attributed to the huge increase in load with the eradication of buckets. This is coupled with the old bulk infrastructure and sewer works. This is substantiated by the frequent breakage of pumps in Cradock sewer plant and bursting of bulk sewer pipes in Middelburg.

2.4 ROAD MAINTENANCE

2.4.1 Road maintenance service delivery strategy and main actors

The municipality has a responsibility to construct and maintain roads within the municipal area of jurisdiction.

Maintenance entails the following:

- ❖ Surfaced Roads
 - Potholes repairs
 - Surface repairs
 - Re-sealing

- ❖ Gravel Roads
 - Grading
 - Backfilling and
 - Compacting

Construction involves

- ❖ Construction of new roads
- ❖ Surfacing of existing gravel roads with bitumen layers

The strategic objectives of roads section is to ensure that major arterial roads are maintained, tarred/ graded and provided with an effective storm water system.

2.4.2 Level and standard in road maintenance services

Table 2.4 Percentage (%) of tarred streets

Ward	% Tarred
1	54
2	11
3	34
4	93

5	16.56
6	0
7	19.67
8	35
9	15

Source: Municipal Data 2007

There is 132 km tarred and about 180 km graveled roads in the municipal area. Very few of the roads are in a fair condition the majority are in a very poor state.

2.4.3 Annual performance as per key performance indicators in road maintenance services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of house holds without access to gravel or graded roads	534	180	33.7	97.5
2	Percentage of road infrastructure requiring upgrade	840	840	100	10.8
3	Percentage of planned new road infrastructure actually constructed	3	3	100	23.9
4	Percentage of capital budget reserved for road upgrading and maintenance	3	3	100	4.3

2.4.4 Challenges

An urgent need exists to upgrade access and collector roads, more particular in the newly established areas. Proper stormwater channels are non-existent in the previously disadvantaged communities. The condition of the roads throughout the municipality is a serious cause of concern as this affects access to the communities of essential emergency services such as ambulance services and even the police cannot reach some of these areas. As the result of poor maintenance over the years due to cashflow problems, even those roads thought to be in a fair state are fast deteriorating.

2.5 Waste management

2.5.1 Waste management service delivery strategy and main actors

- ❖ Waste Management
 - Includes refuse removal
 - solid waste disposal
 - landfills
 - street cleaning
 - waste recycling

The refuse collection functions of the municipality are administered as follows and include:

- The removal of household and business refuse industrial waste and medical waste, street sweeping of the central business zone and peripheries. This also includes the management of solid waste disposal side.

These services include the urban areas, but do not take account of resident which resides within the rural areas of the municipality.

The municipality has a mandate to:

- Provide services to all its inhabitants

The strategic objectives of this function are to:

- Ensuring a clean environment, well kept natural open spaces, maintain build environment.

2.5.2 Level and standards in waste management services

Removal of refuse from households and business premises is done once a week throughout the municipality. Each household is supplied with a refuse bag on a weekly basis.

2.5.3 Annual performance as per key performance indicators in waste management services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households with access to refuse removal services	-	-	-	100

2.6 Housing

2.6.1 Housing Supply

The greater percentage of households in the Municipality is housed in formal structures according to the municipal data for the Inxuba Yethemba Municipality (Table 2.7). The average household size is 6 occupants per household. The existing waiting list in housing departments indicates that there is demand for more housing. The condition of houses in Lusaka and Rosmead need urgent attention, as these are old and dilapidated.

Table 2.5: Housing Patterns

Ward	Households	% Formal	% Informal
1	1114	99.9	0.1
2	1799	90	10
3	2591	89.1	10.9
4	1239	100	0
5	1220	98.5	1.5
6	1628	92.9	7.1
7	2230	100	0
8	2355	100	0
9	1635	99,9	0.1

Source: Municipal Data 2007

2.6.2 Institutional Capacity for Housing Delivery

At the present, Inxuba Yethemba Municipality has a Housing Division which is currently manned by 8 officers. The municipal organogram makes provision for 10 housing officers, which means two positions are still vacant.

In terms of the capacity to manage housing delivery, the majority of the housing delivery functions are performed in-house. However, some of these functions are

shared with consultants and developers (Table 2.8). On the whole there is a functional Housing Division, which is capable of handling the housing delivery issues of the Municipality even though the Municipality has no approved Housing Policy.

2. 6.3 Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households living in informal settlements	820	0	0	96.7
2	Percentage of households in formal housing that conforms to minimum building standards for residential houses	-	-	-	100

2.7 Spatial planning

2.7.1 Preparation and approval process of SDF

A spatial development framework was approved in late 2006. Currently this is being reviewed by a service provider and the review process is nearing completion. It is envisaged that the spatial plan document will be adopted in April 2009

2.7.2 Land use management

Currently the Land Use Management Ordinance (LUMO), together with town planning scheme by-laws of the municipality are utilized for rezoning, consent use and removal of restrictive conditions.

Applications outstanding 1 July 2007	Category	Number of new applications received 2007/08	Total value of applications received Rand	Applications outstanding 30 June 2004
0	Residential new	68	12 376 516-41	0
0	Residential additions	179	13 802 916-81	0
0	Commercial	12	11 415 819-77	0
0	Industrial	15	7 233 369-03	0
Others				
	Tourist Info Centre and accomodation	1	13 000 000	0
	Frail care Centre	1	413 930	0
	Dance hall	2	520 341-80	

2.8 OVERALL SERVICE DELIVERY BACKLOGS

Basic service delivery area	30 June 2007			30 June 2008		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Water backlogs (6kl/month)						
Backlogs to be eliminated (HH not receiving the minimum standard service)	770	200	200	619	0	0
Backlogs to be eliminated as a percentage : total HH as backlog/total number of HH in the municipality	7.2	2.4	2.4	4.2	0	0
Spending on new infrastructure to eliminate backlogs (R000)	R151 433	R2 120	R2 120	R181 719	R0	R0
Spending on renewal of existing infrastructure to eliminate backlogs (R000)	R7 500	7 500	R0	R24 408	R17 155	R0
Total spending to eliminate backlogs (R000)	R158 933	R9 620	R2 120	R206 127	R17 155	R0
Spending on maintenance to ensure no new backlogs (R000)	R1 260	R 420	R 420	R1 449	R 843	R 843

	30 June 2007			30 June 2008		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Electricity backlogs 30KWH/month						
Backlogs to be eliminated (HH not receiving the minimum standard service)	770	0	0	848	0	0
Backlogs to be eliminated as a percentage : total HH as backlog/total number of HH in the municipality	8.4	0	0	5.9	0	0
Spending on new infrastructure to eliminate backlogs (R000)	R26 304	R 430	R430	R4 333	R0	R0
Spending on renewal of existing infrastructure to eliminate backlogs (R000)	R1 823	R1 823	R1 823	R6 678	R1 823	R1 823
Total spending to eliminate backlogs (R000)	R28 127	R2 253	R2 253	R11 011	R1 823	R1 823
Spending on maintenance to ensure no new backlogs (R000)	R1 500	R 280	R 280	R1 890	R 437	R 437

Sanitation backlogs	30 June 2007			30 June 2008		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (HH not receiving the minimum standard service)	770	200	200	619	0	0
Backlogs to be eliminated as a percentage : total HH as backlog/total number of HH in the municipality	5.3	1.4	1.4	4.2	0	0
Spending on new infrastructure to eliminate backlogs (R000)	R16 738	R16 738	R16 738	R18 569	0	0
Spending on renewal of existing infrastructure to eliminate backlogs (R000)	R0	R0	R0	R0	R0	R0
Total spending to eliminate backlogs (R000)	R16 738	R16 738	R16 738	R18 569	R0	R0
Spending on maintenance to ensure no new backlogs (R000)	R1 575	R 525	R 525	R1 811	R 223	R 223

Road maintenance	30 June 2007			30 June 2008		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (HH not receiving the minimum standard service)	12 969	1 136	1 136	12 969	848	840
Backlogs to be eliminated as a percentage : total HH as backlog/total number of HH in the municipality	89.2	3.5	3.5	89.2	6.5	6.5
Spending on new infrastructure to eliminate backlogs (R000)	R40 522	R0	R0	R33 018	R1 427	R1 427
Spending on renewal of existing infrastructure to eliminate backlogs (R000)	R43 134	R 353	R 265	R66 036	R2 850	R2 850
Total spending to eliminate backlogs (R000)	R83 656	R 353	R 265	R99 054	R4 277	R4 277
Spending on maintenance to ensure no new backlogs (R000)	–	–	–	R24 763	R 272	R 272

3. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

3.1 ORGANISATIONAL STRUCTURE

The Municipality is composed of the following departments namely:

- Office of the Municipal Manager
- Technical Services
- Finance
- Community Services
- Local Economic Development
- Corporate Services

The total number of employees in the various departments is structured as follows:

DEPARTMENT	NUMBER OF EMPLOYEES
Office of the Municipal Manager	4
Technical Services	117
Finance	32
Community Services	154
Local Economic Development	27
Corporate Services	22
TOTAL	356

Personnel expenditure

Trends on total personnel expenditure over the last 2 years from 2007 to 2009 compared to the total budget.

The salary budget as a percentage of the total budget for the years 2007/08 to 2008/09 was as follows:

2007/ 08	63%
2008/09	61,4%

Pension and medical aid schemes

Hereunder we tabulate the names of pension funds and medical aid schemes.

Pension Funds	Medical Aid Funds	Employer Contribution to the pension funds and medical aid schemes
Cape Joint Retirement Fund Cape Joint Pension Fund SALA Pension Fund SAMWU Provident Fund Annuity Policies for former Middelburg TLC (Private Arrangements)	Bonitas L.A Health Hosmed SamwuMed KeyHealth	In Pension and Provident Funds Council contributes 18% versus the 9% contributed by employees In the medical aid schemes the contribution is 60% by the Council

Remuneration of Councillors and Managers

The remuneration of Councillors is attached as a separate annexure.

Remuneration for Sec 57 Managers

Post Title	Total Package
Municipal Manager	R 545 520
Chief Financial Officer	R 463 188
Technical Services Manager	R 463 188
Protection Services	R 463 188
Community Services Manager	R 463 188
Corporate Services Manager	R 463 188

INXUBA YETHEMBA MUNICIPALITY



FINANCIAL STATEMENTS

30-Jun-08

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GENERAL INFORMATION

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MEMBERS OF THE INXUBA YETHEMBA MUNICIPALITY

W M Zenzile	(Executive Mayor)
N P Zonke	(Speaker)
N A Sindelo	(Chairperson - Community & Protection Services)
N C Geveza	(Community & Protection Services)
C E B Miles	(Community & Protection Services)
MO Henge	(Community & Protection Services)
P Fose	(Chairperson - Corporate Services)
L Davids	(Corporate Services)
C A Sammy	(Corporate Services)
N R Swartz	(Corporate Services)
T D A Nabo	(Chairperson - Finance)
L A Perring	(Finance)
R H Schulze	(Finance)
J Taljaard	(Finance)
S W Njobo	(Chairperson - Technical Services & Local Economic Development)
T E Miners	(Technical Services & Local Economic Development)
M V Mtila	(Technical Services & Local Economic Development)
N J Smit	(Technical Services & Local Economic Development)

Mayoral Committee : W M Zenzile
 N P Zonke
 N A Sindelo
 P. Fose
 T D A Nabo
 S W Njobo
 MV Mtila

AUDITORS

Office of the Auditor General

BANKERS

First National Bank, ABSA and Old Mutual

REGISTERED OFFICE

Civic Center P O Box 24
J.A. Calata Street Cradock

Cradock 5880

Tel: (048) 8811515
Fax: (048) 8811421
E-Mail
cdkltc@intekom.co.za

MUNICIPAL MANAGER

MS TANTSI
BSC Honours

CHIEF FINANCE OFFICER

J. KRAPOHL
B.COMM

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 26 were approved by the Municipal Manager on 27 August 2008.

.....

M S TANTSI
MUNICIPAL MANAGER

.....

J.
KRAPOHL
CHIEF FINANCE
OFFICER

FOREWORD

We started the year under review (2007/08) against the backdrop of what seemed to be insurmountable challenges. A radical change in the political leadership of Council which resulted to 70% of new Councillors, coupled with a fairly new Chief Finance Officer who had to find time to become accustomed to the new environment. In addition to all of this, we also had to contend with the fact that all Section 57 Employment Contracts were coming to an end, and this naturally created uncertainty and somewhat low morale. All of these factors combined characterized the context in which we had to navigate through up to the end of the financial year under review.

However, as we indicated during the past financial year, we refused to allow ourselves to be overwhelmed by these challenges but instead we focused at what needed to be done, with a particular intention to respond to the critical observations made by the Office of the Auditor General. We then approached the year under review armed with the following:

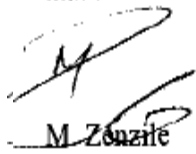
1. Programme to address key issues cited by the Auditor General
2. Build on the positive initiatives from the previous financial year

It is our view that the key concerns raised by the Auditor General, in the main are reducible to the broad challenge of financial viability which then gets translated into the on-going difficulties of cash flow management. The issues of inadequate provision for bad debts coupled with irregular use of conditional grants have occurred as a result of cash flow management difficulties. However, in rectifying these serious short-comings, we continued to insist on cash based operating budget so as to align the actual cash collected with the operating expenditure.

We further continued with the implementation of the Recovery Plan, with specific focus on follow-ups to debtors and ensuring up to date payment of Current service accounts. This has somewhat yielded some positive results, although the full impact can only begin to show in the next financial year. We have also attempted to the best of our ability to fast track the reduction of losses in revenue, by conducting an electricity audit which has indeed enabled us to see the gaps. Work in this regard will continue in the following financial year.

Despite all the challenges outlined above, we are however encouraged by the fact that we have been able to honour our statutory obligations in the form of monthly payments to South African Revenue Services and other related commitments. We also wish to indicate that our preparations for the eventual implementation of the Municipal Property Rates Act have proceeded fairly well. It is our view that the implementation of this piece of legislation will indirectly reinforce our efforts to broaden the revenue base and thus change our fortunes with regards to financial viability.

In conclusion, we hope the statements that we duly submit will reflect all the material facts on how the finances were managed during the course of the financial year. We once again wish to express our gratitude to the Office of the Auditor General for the support and guidance given during the compilation of these financial statements. It is our wish that this relationship may be continued in many years to come.



M. Zuzile
Executive Mayor

The majority of local Municipalities are experiencing major changes in the local government environment. This put a challenge towards service delivery and the honoring of historical arrear financial commitments as well as current commitments. It is essential to keep on prioritizing the available limited resources to critical key areas. However, all our reserve funds are not fully invested and it will be addressed in the near future in terms of the proposed provision of GAMAP/GRAP. For long term stability it is crucial that the income base be broadened with the emphasize on debtors collection, asset management and budget control.

BUSINESS RESULTS

Details of the business results per department, classification and purpose of expenses are given in Appendices D and E on page 25 and 26. The general business results for the year ended 30 June 2008 are as follows:

INCOME	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Opening Surplus	R 1,622,489	R 29,174,622			
Business income for the year	R 81,361,334	R 80,220,500	-1.41%	R 69,544,991	-15.35%
Sundry Transfers					
	R 82,983,823	R 109,395,122		R 69,544,991	
EXPENSES					
Business Expenses for the year	R 75,448,072	R 73,777,366	-2.26%	R 69,554,991	-6.07%
Appropriation movement for the year	R - 21,638,871	R 22,786,026			
End Surplus	R 29,174,622	R 12,831,730			
	R	R		R	

	82,983,823	109,395,122		69,554,991	

RATES AND GENERAL SERVICES

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	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 45,317,180	R 43,487,830	-4.04%	R 36,842,440	18.04%
Expenses	R 53,867,963	R 45,896,387	-14.80%	R 43,746,824	4.89%
Surplus (loss)	-R 8,548,949	-R 2,408,557		-R 6,904,384	
Surplus (loss) as % of total income	-18.86%	-5.54%		-18.77%	

Rates and general services is a section where only the economic services are having a greater income than expenses, with the result that shortages is subsidized by the trading services.

HOUSING SERVICES

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 373,354	R 410,905	10.06%	R 370,475	10.91%
Expences	R 814,403	R 795,041	-2.38%	R 795,460	-0.05%
Surplus (loss)	R -441,049	R -384,136		R -424,985	
Surplus (loss) as % of total income	-118.13%	-93.49%		-114.71%	

TRADING SERVICES

ELECTRICITY SERVICES

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 23,940,405	R 24,603,159	2.77%	R 23,803,788	3.36%
Expences	R 17,997,285	R 21,728,221	20.73%	R 20,039,831	8.43%
Surplus (loss)	R 5,951,210	R 2,874,938		R 3,763,957	
Surplus (loss) as % of total income	24.85%	11.69%		15.81%	

WATER SERVICES

	ACTUAL 2007	ACTUAL 2008	DIFFERENCE %	BUDGET 2008	DIFFERENCE ACTUAL BUDGET %
Income	R 11,730,395	R 11,718,606	0.10%	R 8,528,288	37.41%
Expenses	R 2,768,421	R 5,357,717	93.53%	R 4,962,876	7.96%
Surplus (loss)	R 8,961,974	R 6,360,889		R 3,565,412	
Surplus (loss) as % of total Income	76.40%	54.28%		41.81%	

CAPITAL EXPENSES

The total capital expenses for the year was R473 160.97

	2008 Expense	2008 Budget	2007 Expense
Furniture, Fittings, ect.	R 0		R 12,631
Vehicles, Implements, ect	R 2		R 0
Land and Buildings	R 0		R 0
Other	R 136,272	R 20,262,456	R 0
Infrastructure and other constructions	R 241,889	R 18,194,029	R 3,198,758
TOTAL	R 378,163	R 38,456,485	R 3,211,389

The capital expenses were financed as follows:

	2008 Expense	2008 Budget	2007 Expense
Internal loans Revolving Fund			
External Loans	R 0	R 0	R 0
Contribution out of income	R 51,812	R 0	R 0
Contribution out of grants/other	R 326,351	R 38,456,485	R 3,211,389
CMIP	R 0	R 0	R 0
TOTAL	R 378,163	R 38,456,485	R 3,211,389

The total external loans outstanding are R3 380 264.94 and the internal loans from Revolving Fund R813 939.44. An amount of R182 560.94 is paid for redemption of internal loans. For a complete summary of the capital expenses see appendices B on page 23.

My thanks to the Mayor, Chairperson of Finance, Councillors, Municipal Manager and other Managers for their loyalty and cooperation given to me and my staff during the year.

.....
J. KRAPOHL
CHIEF FINANCE OFFICER
27-Aug-08

Basis of presentation

These financial statements have been prepared so as to conform to the standards laid down by the IMFO in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).

The financial statements are prepared on the accrual basis:

- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
- Expenditure is accrued in the year it incurred.

Consolidation

The balance sheet includes the rates and general services, trading services, housing services, and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

Fixed Assets

Fixed assets are stated at historical cost for the Middelburg unit

Fixed assets are stated at market as well as replacement value for the Cradock unit.

An acceptable value will be put in place with the implementation of GAMAP.

Depreciation of assets are not applicable but will change with the implementation of GAMAP/GRAP

All nett proceeds from the sale of fixed property are credited to the Revolving Fund.

Capital assets are financed from different sources, including external loans, subsidies, operating income and internal advances.

Only assets with a cost of R10 000-00 and above are capitalized. The other are part of an inventory list.

Depreciation

The balance against the heading Loans Redeemed and Other Capital receipts is actually provision for depreciation. Assets may be acquired from :

- a) From income - credited immediately to the loans redeemed fund.
- b) Grants and donation - where the amount representing the value of such grant or donation is immediately credited to the Loans redeemed and other capital receipts account.
- c) External loans - where the amount representing the value of such external loan is credited to the loans redeemed fund as soon as it has been paid in full.
- d) Advances - where the amount representing the value of such internal loan is credited to the loans redeemed fund as soon as it has been paid in full.

Stock

The value of stocks and materials is stated at weighted average.

Funds and Reserves

Capital Development fund

The Ordinance no 20 of 1974 requires that a certain contribution should be credited to the

Revolving Fund. An amount of R852 101 was contributed.

Provisions

Leave gratuity

This provision is being built up with contributions from the appropriation account to provide for the payment of accumulated leave of persons resigning from service in Council and to make provision to adhere to new legislation around standard employment service contracts.

Bad Debts

This provision is being built up with contributions from the appropriation account to provide for bad debts occurring from debtors driven by the affordability of increased tariffs.

Surpluses and Deficits

Any surpluses or deficits arising from the operating of the electricity, water and housing services are transferred to Rates and General services. The council applies a differential site rating system.

Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services that are making use of such services.

INVESTMENTS

Investments are shown at original cost and are invested in securities prescribed in section 2(i) of Ordinance 23 of 1935. In some cases the interest on investments are capitalized. These investments are shown at original cost plus accumulated interest.

Income recognition

Electricity and Water billing

Meters are read and billed monthly.

If readings cannot be taken, a provision levy based on the average consumption, is calculated.

Assessment

Rates

The council applies a differential site rating system.

BALANCE SHEET AT 30 JUNE 2008

	NOTE	2008	2007
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds	1	25,048,005	23,911,689
RETAINED INCOME/(ACCUMULATED DEFICIT)		-25,722,310	29,174,623
TRUST FUNDS	2	11,256,647	9,374,778
LONG-TERM LIABILITIES	3	2,887,516	3,467,710
CONSUMER DEPOSITS: SERVICES	3	1,659,345	1,512,579
		15,129,203	67,441,379
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	4,194,205	5,052,293
INVESTMENTS	5	6,066,558	7,252,144
LONG-TERM DEBTORS	6	1,791	2,887
DEFERRED CHARGES	7	0	0
NET CURRENT ASSETS/(LIABILITIES)		4,866,649	55,134,055
CURRENT ASSETS		55,683,627	84,889,159
Inventory	8	788,513	735,908
Debtors	9	54,888,398	84,146,608
Short term portion of long term debtors	6	1,096	1,023
Cash (advances Petty Cash)		5,620	5,620
CURRENT LIABILITIES		50,816,978	29,755,104
Provisions	10	2,296,737	3,287,295
Creditors	11	38,819,524	20,362,329
Short-term portion of Long-Term liabilities	3	492,750	588,082
Bank overdraft		9,207,967	5,517,398
		15,129,203	67,441,379

		INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008				
2007	2007	2007		2008	2008	2008
Actual	Actual	Actual		Actual	Actual	Actual
Income	Expenses	Surplus (Deficit)		Income	Expenses	Surplus (Deficit)
R	R	R		R	R	R
R 45,317,180	R 53,867,963	R -8,550,783	RATES & GENERAL SERVICES	R 43,487,830	R 45,896,387	R -2,408,557
R 24,892,964	R 43,223,612	R - 18,330,648	Community Services	R 21,300,364	R 29,588,945	R -8,288,581
R 2,468,526	R 4,672,597	R -2,204,071	Subsidised Services	R 3,050,164	R 4,644,285	R -1,594,121
R 17,955,690	R 5,971,754	R 11,983,936	Economic Services	R 19,137,302	R 11,663,157	R 7,474,145
R 373,354	R 814,403	R -441,049	HOUSING SERVICES	R 410,905	R 795,041	R -384,136
R 35,670,800	R 20,765,706	R 14,905,094	TRADING SERVICES	R 36,321,765	R 27,085,938	R 9,235,827
R 81,361,334	R 75,448,072	R 5,913,262		R 80,220,500	R 73,777,366	R 6,443,134
		R 21,638,871	Appropriations for the year			R -61,340,066
		R 27,552,133	Nett Surplus(deficit) for the year			R -54,896,932
			Accumulated surplus (deficit)			
		R 1,622,489	beginning of the year			R 29,174,622
			ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			R -25,722,310

	NOTE	2008	2007
CASH UTILIZED FROM OPERATING ACTIVITIES		-10,204,723	-4,244,715
Cash generated by operations	17	-1,784,499	38,531,320
Investment income		0	0
(Increase)/decrease in working capital	18	8,420,224	42,776,035
Less: External interest paid		-10,204,723	-4,244,715
		-692,710	-801,807
CASH UTILIZED/AVAILABLE FROM OPERATIONS		-10,897,433	-5,046,522
Cash contributions from the public and the State		0	0
Net proceeds on disposal of fixed assets		0	66,907
CASH UTILIZED IN INVESTMENT ACTIVITIES			
Investment in fixed assets		-139,584	-13,594
NET CASH FLOW		-11,037,017	-4,993,209
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/increase in Long-Term loans	19	-528,759	-685,420
(Increase)/decrease in cash		0	-300
(Increase)/decrease in cash investments	20	7,875,207	5,489,945
(Decrease)/Increase in bank overdraft	21	3,690,569	188,984
Net cash inflow/(outflow)		11,037,017	4,993,209

	2008	2007
1. STATUTORY FUNDS		
	R	R
Revolving Fund	25,048,005	23,911,689
(Refer to appendix A for more details)		
2. TRUST FUNDS		
Squatters Development Grant	R 163,282	R 162,895
Survey in Michausdal	R 70,490	R 70,323
Lidbetter Trust Fund	R 0	R 5,416
Life Project	R 13,707	R 13,098
Services Informal Housing	R 33,232	R 33,154
Structure Plan Middelburg	R 51,462	R 51,340
Independent Farmer	R 0	R 5,446
Transformation	R 0	R 179,853
Vusubuntu Cultural Village	R 0	R 103,000
Vusubuntu DSRAC	R 41,078	R 37,764
Csk Recycling Project	R 17,698	R 16,965
Watermeters	R 229,540	R 863,614
Drought Relief	R 5,306,331	R 5,077,274
IDP	R 82,439	R 96,670
IT Ph3	R 22,635	R 337,975
Establishment of Ward Committees	R 4,226	R 5,295
Finance Management Grant	R 477,939	R 899,662
Mig Funding	R 0	R 839,253
NER Electricity	R 112,991	R 112,791
Spatial Development	R 327,985	R 9,123
DME Bulk Infrastructure	R 259,010	R 453,867
Bulk Supply Industrial Area	R 992,533	R 0
MSIG	R 152,128	R 0
Valuations Property	R 2,673,829	R 0
Performance Agreements	R 205,721	R 0
MMP Capacity	R 18,391	R 0
	R	
(Refer to appendix A for more details)	11,256,647	R 9,374,778
3. LONG-TERM LIABILITIES		
External Loans	R 3,380,266	R 4,055,792
Less: Current portion transferred to Current Liabilities	R 492,750	R 588,082
(Refer to appendix B for more detail)	R 2,887,516	R 3,467,710
DEPOSITS		
Deposits - Consumers	R 1,659,345	R 1,512,579

- Tenders
- Services C P A

R 2,600	R 2,600
R 8,097	R 8,097
R 1,670,042	R 1,523,276

EXTERNAL LOANS

Carry interest at rates varying between 7% and 19% per annum and are repayable over periods of between 7 years and 30 years.

4. FIXED ASSETS

Fixed assets at the beginning of the year
 Capital expenditure during the year
 Less: Assets written off, transferred or disposed of during the year
 Total Fixed Assets
 Less: Loans redeemed and other capital receipts
 Nett Fixed Assets

2008	2007
R 179,642,401	R 176,735,803
R 378,163	R 3,211,389
R 180,020,564	R 179,947,192
R 69,759	R 304,791
R 179,950,805	R 179,642,401
R 179,950,805	R 179,642,401
R 175,756,600	R 174,590,108
R 4,194,205	R 5,052,293

5. INVESTMENTS UNLISTED

Deposits - Banks

R 6,066,558	R 7,252,144
R 6,066,558	R 7,252,144

(Average rate of return on investments)

6 LONG TERM DEBTORS

S P C A
 Cradock Golf Club

Less: Short term portion of long term debtors transferred to
 Current Assets

R 2,887	R 3,910
R 0	R 0
R 2,887	R 3,910
R 1,096	R 1,023
R 1,791	R 2,887

7 DEFERRED CHARGES

Loan outstanding on Abattoir sold.

R 0	R 0
-----	-----

8 INVENTORY

Inventory represents consumable stores.

R 788,513	R 735,908

9 DEBTORS

Consumer Debtors
Plus: Amounts paid in advance

Sundry Debtors

Provision for bad debts

	2008		2007	1997
Consumer Debtors	113,199,070		95,231,634	
Plus: Amounts paid in advance	593,839		623,691	
	113,792,909		95,855,325	
Sundry Debtors	1,167,570		1,931,562	
	114,960,479		97,786,887	
Provision for bad debts	60,072,081		13,640,279	
	54,888,398		84,146,608	
10 PROVISIONS				
Leave gratuity reserve	2,296,737		3,287,295	
	2,296,737		3,287,295	
11 CREDITORS				
Audit fees	400,000		554,721	
Debtors in advance	593,839		623,691	
VAT	8,776,020		7,155,959	
Capital Projects and unspent grants	48,434		103,770	
Trade Creditors	29,001,231		11,924,188	
	38,819,524		20,362,329	

The creditors are much more than the prior year

- a) The amount written off in the prior year taken over by CHDM was recovered from the appropriation account on recommendation from the Auditor General.
- b) The capital projects were included in Appendix A.

12 RATES AND TAXES

Residential
Commercial
State

	2002	2008		ACTUAL INCOME
VALUATION AS AT 01/07/2007		ACTUAL INCOME		ACTUAL INCOME
		7,214,455		
	496,241,575	1,704,202		
	117,838,700	2,442,690		
	614,080,275	11,361,347		1

13 COUNCILLORS' REMUNERATION

Councillor's allowances (All Councillors)

2008	2007
3,304,767	2,821,089

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14 AUDITORS' REMUNERATION

Audit fees

15 FINANCIAL TRANSACTIONS

Total external interest earned or paid

- Interest earned
- Interest paid

Capital charges debited to operating account

- Interest - External
- Internal

- Redemption - External
- Internal

16 APPROPRIATIONS

- Accumulated surplus at the beginning of the year
- Operating (deficit)/surplus for the year
- Prior year adjustments
- Accumulated (deficit)/surplus at the end of the year

OPERATING ACCOUNT

Capital expenditure

Contributions to :

- Leave gratuity fund
- Provision for Bad Debts
- Revolving fund

17 CASH UTILIZED/GENERATED BY OPERATIONS

- (Deficit)/Surplus for the year
- Adjustments in respect of previous years' operating transactions
- Appropriations charged against income

2008	2007
400,000	554,720
797,252	749,771
692,710	831,383
548,496	680,040
472,565	583,684
75,931	96,356
858,087	1,201,796
675,526	855,426
182,561	346,370
1,406,583	1,881,836
29,174,622	1,622,489
6,443,134	5,913,262
-61,340,067	21,638,871
-25,722,311	29,174,622
0	3,258,850
0	0
0	2,500,000
0	758,850
0	3,258,850
6,443,134	5,913,262
-61,340,067	21,638,871
47,650,565	3,272,444

22 REVOLVING FUND

Internal Investments in the Consolidated Loans Fund
Outstanding advances to borrowing services

Outstanding creditors
Accumulated funds

	24,234,067	21,404,304
	813,939	996,500
	25,048,006	22,400,804
	0	0
	25,048,006	22,400,804

23 CONSOLIDATED LOANS FUND

External loans (Appendix B)

233,772

233,218

24 CONTINGENT LIABILITIES

R5 300 at FNB for Eskom

25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT

2008

2007

Contributions to SALGA

Opening Balance		0
Council Subscriptions - 2006/2007 & 2007/2008	169,681	160,913
Amount Paid - current year	169,681	160,913
Balance	0	0

Audit Fees

Provision was made in note 14	400,000	544,720
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VAT

All VAT returns have been submitted by the due date throughout the year. The outstanding amount are shown in note 11 under Creditors.

PAYE and UIF

Opening Balance	0	9,765,099
Current year payroll deductions not paid over	549,599	0
Interest and Penalty	0	0
Amount paid - Chris Hani District Municipality		9,765,099
Balance unpaid - our records	549,599	0

Unpaid salary deductions on 30 June 2008

1,315,412	1,238,209
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Total Outstanding

1,865,011	1,238,209
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The unpaid salary deduction for June 2008 have been paid in July 2008

26 OBSOLETE STOCK/ASSETS

No auction was held during 2007/2008

27 SURPLUS ON ECONOMIC SERVICES

In terms of the accounting practice by IMFO it is a requirement that economic services be fixed in such a way that the service do not incur a surplus or deficit. At this stage it is difficult to

comply because of Council's strife to uniform tariffs and would have a significant negative impact on Council.

28 INTEREST ON OUTSTANDING LIABILITIES

Provision for Interest have been made on :

a) DBSA	72,785	213,571
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29 INTERGOVERNMENTAL & OTHER GRANTS

	2007/2008	2006/2007
PROVINCIAL GOVERNMENT	15,872,199	13,532,848
Equitable Share	15,372,199	13,032,848
Financial Reform	500,000	500,000
LOCAL GOVERNMENT	8,183,067	3,587,184
Mig Funding	2,662,215	2,877,184
IDP	50,000	70,000
ICT	500,000	500,000
Organograms	0	100,000
Establishment of Ward Committees		40,000
Spatial Development	300,000	0
Bulk Supply Industrial Area	1,122,000	0
MSIG	150,000	0
Valuations Property	3,200,000	0
Performance Agreements	198,852	0

30 DISCLOSURES CONCERNING COUNCILLORS, MANAGERS AND OFFICIALS

Councillors

The remuneration of Councillors have been done according to the framework of the published Government Notice concerning

the upperlimits of the salaries, allowances and benefit of the different members of Council (Government notice R1477 of 22 December 2004).

Only one councillor are in arrears for more than 90 days	NA Sindelo	R12 575-27
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Managers - Remuneration Packages	2007/2008	2006/2007
Municipal Manager		
Salary Package	545,520	512,556
Performance Bonus *		82,009
Chief Financial Officer		
Salary Package	463,188	435,204
Performance Bonus *		40,619
Manager Human Resources		
Salary Package	463,188	435,204
Performance Bonus *		69,633
LED Manager		
Salary Package	463,188	435,204
Performance Bonus *		17,408

Managers - Remuneration Packages Continue

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	2007/2008	2006/2007
Manager : Community Services		
Salary Package	463,188	435,204
Performance Bonus *		17,408
Manager - Technical Services		
Salary Package	463,188	435,204
Performance Bonus *		87,041
Manager - Civil Protection Services		
Salary Package	463,188	435,204
Performance Bonus *		52,224

* Performance Bonus - No % was available when compiling the Financial Statements

31 ENTITIES

Mmotlie Investments (Pty)(Ltd) - Only Entity

For more details, see the attached addendum

32 CONSOLIDATION OF FINANCIAL STATEMENTS

Inxuba Yethemba - Mmotlie Investments

Due to no guidelines given on how to combine these Financial Statements, the Financial Statements of Mmotlie Investments is attached as an addendum.

33 BANK OVERDRAFT

The overdraft facility (R3 500 000) for the 2007/2008 calender year was approved by Council in in May 2007. Council resolution 05/315

34 ASSETS HELD AS COLLATERAL

The following erven are held by FNB as collateral for the overdraft facility:

Erven 566, 567, 577, 578, 1171 and 5073

35 FRUITLESS AND WASTEFULL EXPENDITURE

SARS- Late payment VAT	R 24,012
Commensation Commissioner - Late payment	R 28,654

36 IRREGULAR EXPENDITURE

Exceeding of overdraft Limit during July 2008	R 400,649
Overspending of Grants	R 79,461

37 BANKING
DETAILS

NAME OF BANK	TYPE/NAME OF ACCOUNT	BALANCE ON 01-Jul-07	BALANCE 30-Jun-08
FNB	CHEQUE - MAIN	-761,892.84	-3,900,649.08
FNB	CHEQUE - ESKOM	220,779.75	197,993.79

38 INVESTMENT DETAILS

NAME OF BANK	NAME OF ACCOUNT	BALANCE ON 01-Jul-07	BALANCE 30-Jun-08
ABSA	Vusubuntu Cultural Life Project	109,812.32 17,143.13	1,124.42 17,752.81

FNB	Transformation	170,123.75	0.00
	Sewerage	1,074,976.15	0.00
	IDP	218,529.58	79,082.51
	CMIP	1,023,880.57	0.00
	Project Viability Disaster	63,993.39	66,020.92
	Watermeters	863,613.84	231,755.05
	Independent Farmers	1,016.74	1,065.79
	Recycling Project	16,966.07	17,698.40
	MSP (Human Resources)	129,479.85	16,962.27
	Vusubuntu DSRAC	37,743.76	38,712.38
	Financial Reform	830,546.52	473,806.61
	Youth Centre	1,342.22	1,468.68
	NER Fase 2	2,104.43	2,304.02
	Drought Relief	577,273.34	106,330.71
	Masimanyane Bakeries	1,279.80	1,366.22
	Drought Relief	49,620.98	1,865.42
	Spatial Development	9,122.51	327,984.54
	Lotto Fondse	1,384.89	1,463.61
	Bulk Infrastructure	451,313.40	256,370.38
	Umsomvubo Project	1,157.72	1,229.12
	IT Phase 3	365,432.79	20,224.45
	MIG Funding	1,192,873.62	2,932.13
	Streetlights Lingelihle	26,323.09	28,668.33
	Streetlights Lusaka	8,726.57	9,490.44
	MSIG	0.00	152,128.06
	Cradock Spa	0.00	8,550.65
	Performance Agreements	0.00	123,682.82
	PMS - CHDM	0.00	82,663.83
	Property rates	0.00	2,859,536.73
	Electricity Upgrade Bulk	0.00	1,127,483.52
Nedbank	Collateral	6,361.91	6,361.91

STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 01.07.2007	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS/ ADVANCES	OTHER INCOME	EXPENDITURE DURING THE YEAR	BALANCE AT 30.06.2008
STATUTORY FUNDS						
Revolving fund	R 23,911,689	R 852,101	R 59,066	R 226,172	R 1,023	R 25,048,005
	R 23,911,689	R 852,101	R 59,066	R 226,172	R 1,023	R 25,048,005
TRUST FUNDS						
Services Informal Housing	R 33,154	R 0	R 78	R 0	R 0	R 33,232
Structure Plan Middelburg	R 51,340	R 0	R 122	R 0	R 0	R 51,462
Life Project	R 13,098	R 0	R 609	R 0	R 0	R 13,707
Squatters Development Grant	R 162,895	R 0	R 387	R 0	R 0	R 163,282
Survey in Michausdal	R 70,323	R 0	R 167	R 0	R 0	R 70,490
Lidbetter Trust Fund	R 5,416	R 0	R 0	R 0	R 5,416	R 0
Independent Farmers	R 5,446	R 0	R 0	R 0	R 5,446	R 0
Transformation	R 179,853	R 0	R 0	R 0	R 179,853	R 0
Vusubuntu Cultural Village	R 103,000	R 0	R 0	R 0	R 103,000	R 0
Vusubuntu DSRAC	R 37,764	R 0	R 3,314	R 0	R 0	R 41,078
Csk Recycling Project	R 16,965	R 0	R 733	R 0	R 0	R 17,698
Watermeters	R 863,614	R 0	R 63,262	R 0	R 697,336	R 229,540
Drought Relief	R 5,077,274	R 0	R 229,057	R 0	R 0	R 5,306,331
IDP	R 96,670	R 100,000	R 14,860	R 0	R 129,091	R 82,439
IT Ph3	R 337,975	R 0	R 24,541	R 0	R 339,881	R 22,635
Establishment Ward Committees	R 5,295	R 0	R 0	R 0	R 1,069	R 4,226
Finance Management Grant	R 899,662	R 500,000	R 91,407	R 0	R 1,013,130	R 477,939
Mig Funding	R 839,253	R 2,662,215	R 97,418	R 0	R 3,598,886	R 0
NER Electricity	R 112,791	R 0	R 200	R 0	R 0	R 112,991
Spatial Development	R 9,123	R 300,000	R 25,209	R 0	R 6,347	R 327,985
DME Bulk Infrastructure	R 453,867	R 0	R 31,981	R 0	R 226,838	R 259,010
Bulk Supply Industria Area	R 0	R 984,210	R 28,608	R 0	R 20,285	R 992,533
MSIG	R 0	R 150,000	R 11,824	R 0	R 9,696	R 152,128
Valuations Property	R 0	R 3,200,000	R 80,445	R 0	R 606,616	R 2,673,829
Performance Agreements	R 0	R 198,852	R 7,489	R 0	R 620	R 205,721
MMP Capacity	R 0	R 13,149	R 5,364	R 0	R 122	R 18,391
	R 9,374,778	R 8,108,426	R 717,075	R 0	R 6,943,632	R 11,256,647
RESERVES						
Bad Debts	R 13,640,279	R 8,000,000	R 0	R 0	R 0	R 21,640,279
Leave reserve	R 3,287,295	R 104,839	R 0	R 0	R 832,570	R 2,559,564
	R 16,927,574	R 8,104,839	R 0	R 0	R 832,570	R 24,199,843

EXTERNAL LOANS AND INTERNAL ADVANCES

	BALANCE AT '1 July 2007	RECEIVED DURING 2007/2008	REDEEMED DURING 2007/2008	BALANCE AT '30 June 2008
EXTERNAL LOANS				
External Loans	4,055,792		675,526	3,380,266
INTERNAL ADVANCES				
Internal Loans - Revolving Fund	R 996,500		R 182,561	R 813,939
Consolidated Loans Fund	R 233,218	R 554	R 0	R 233,772
	R 1,229,718	R 554	R 182,561	R 1,047,711

ANALYSIS OF FIXED ASSETS

EXPENSES 2006/2007		BUDGET 2007 2008	BALANCE AT 1 July 2007	EXPENSES 2007/2008	TRANSFER OR WRITTEN OFF	BALANCE AT 30 June 2008
0	RATES AND GENERAL SERVICES	R 31,828,235	R 99,617,777	378,163	R 69,759	99,926,181
0	COMMUNITY SERVICES	R 19,486,560	R 68,399,840	136,274	R 69,759	68,466,355
	Cemetery	R 0	R 1,800,001	0	0	1,800,001
	Library	R 0	R 167,657	0	0	167,657
	Municipal property, commonage	R 0	R 3,584,439	0	0	3,584,439
	Public works	R 8,533,950	R 30,153,596	11,992	40,000	30,125,588
	Parks, gardens and sport fields	R 0	R 7,422,780	2	0	7,422,782
	Town halls and offices	R 0	R 23,345,084	0	0	23,345,084
	Municipal Manager	R 0	R 59,361	4	0	59,365
	Human Resources	R 0	R 484,481	9	29,759	454,731
	Finance	R 0	R 966,169	124,266	0	1,090,435
	LED	R 10,600,000	R 37,210	1	0	37,211
	Spa	R 352,610	R 151,014	0	0	151,014
	Traffic	R 0	R 195,816	0	0	195,816
	Caravan park	R 0	R 32,232	0	0	32,232
0	SUBSIDIZED SERVICES	R 4,000,000	R 1,827,315	0	0	1,827,315
	Protection services	R 4,000,000	R 356,844	0	0	356,844
	Health	R 0	R 297,196	0	0	297,196
	Clinics	R 0	R 1,173,275	0	0	1,173,275
0	ECONOMIC SERVICES	R 8,341,675	R 29,390,622	241,889	0	29,632,511
	Sanitation	R 0	R 844,387	0	0	844,387
	Sewerage	R 8,341,675	R 28,546,235	241,889	0	28,788,124

	HOUSING SERVICES	R 0	R 67,352			67,352
	General Housing		R 67,352	0	0	67,352
		R				
3,211,389	TRADING SERVICES	6,628,250	R 79,957,272	0	0	79,957,272
3,211,389	Electricity	R 510,000	R 50,742,375	0	0	50,742,375
		R				
0	Water	6,118,250	R 29,214,897	0	0	29,214,897
		R	R			
<u>3,211,389</u>	TOTAL FIXED ASSETS	<u>38,456,485</u>	<u>179,642,401</u>	<u>378,163</u>	<u>69,759</u>	<u>179,950,805</u>
	Less: LOANS REDEEMED AND					
	OTHER CAPITAL RECEIPTS		R			
	Loans redeemed		174,590,108	1,236,251	69,759	175,756,600
	Contributions from operating income		R 10,108,199	858,088		10,966,287
	Grants and subsidies		R 115,579,740	130,165	69,759	115,640,146
			R 48,902,169	247,998		49,150,167
						0
			<u>R 5,052,293</u>	<u>R -858,088</u>	<u>R 139,518</u>	<u>R 4,194,205</u>

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008

ACTUAL 2007		ACTUAL 2008	BUDGETED 2007/2008
INCOME			
10,948,568	Grants and subsidies	3,303,420	18,223,199
5,785,599	- Central Government	0	15,372,000
4,573,193	- Provincial Government	0	0
589,776	- District Council	3,303,420	2,851,199
70,276,376	Operating Income	76,917,080	51,321,792
10,617,061	- Assessment rates	11,360,937	7,627,156
22,491,398	- Sale of electricity	24,438,576	23,583,000
9,956,474	- Sale of water	11,590,445	6,722,280
27,211,443	- Other income	29,527,122	13,389,356
<u>81,224,944</u>		<u>80,220,500</u>	<u>69,544,991</u>
EXPENSES			
42,831,380	Salaries, wages and allowances	43,891,386	43,657,361
26,098,418	General expenses	26,370,249	22,552,076
13,437,887	- Purchase of electricity	14,499,192	13,240,000
496,423	- Purchase of water	215,085	400,000
12,164,108	- Other general expenses	11,655,972	8,912,076
1,648,458	Repairs and maintenance	2,108,307	2,000,461
1,439,320	Capital charges	1,406,583	1,335,093
13,594	Contribution to fixed assets	840	0
3,280,512	Contributions		
75,311,682	Gross Expenditure	73,777,365	69,544,991
2,521,153	Less: Amounts charged out	2,595,360	0
<u>72,790,529</u>	Net Expenditure	<u>71,182,005</u>	<u>69,544,991</u>

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 ACTUAL INCOME	2007 ACTUAL EXPENSE	2007 SURPLUS (DEFICIT)		2008 ACTUAL INCOME	2008 ACTUAL EXPENSE	2008 SURPLUS (DEFICIT)	2008 BUDGET SURPLUS/ (DEFICIT)
45,317,180	53,867,963	-8,550,783	RATES AND GENERAL	43,487,830	45,896,387	-2,408,557	-6,904,384
24,892,964	43,223,612	-18,330,648	SERVICES	21,300,364	29,588,945	-8,288,581	-2,188,002
R 0	R 8,750,163	R - 8,750,163	COMMUNITY	R 0	R 2,726,550	R - 2,726,550	R -2,747,042
R 0	R 487,695	R -487,695	SERVICES	R 0	R 335,144	R -335,144	R -329,946
R 25,270	R 951,565	R -926,295	General expenses	R 0	R 439,463	R -439,463	R -444,455
R 78,813	R 3,162,982	R 3,084,169	council	R 0	R 1,706,163	R 1,706,163	R -1,350,204
R 106,488	R 1,884,146	R 1,777,658	Mayor	R 106,117	R 1,648,769	R 1,542,652	R -1,262,104
R 466,420	R 1,229,469	R -763,049	Municipal Manager	R 0	R 433,850	R -433,850	R -436,537
R 1,515	R 371,477	R -369,962	Corporate Manager	R 905	R 84,182	R -83,277	R -50,312
R 48,326	R 605,531	R -557,205	Halls and offices	R 55,068	R 700,117	R -645,049	R -434,177
R 1,016,747	R 822,702	R 194,045	Led Manager	R 835,434	R 853,192	R -17,758	R -148,225
R 0	R 255,726	R -255,726	Caravan park	R 0	R 115,220	R -115,220	R -132,834
R 0	R 11,522	R -11,522	Commonage	R 0	R 0	R 0	R 0
R 1,027	R 208,499	R -207,472	Cradock Spa	R 0	R 199,214	R -199,214	R -205,785
R 409	R 209,322	R -208,913	Museum	R 22,338	R 188,112	R -165,774	R -151,000
R 100,434	R 119,227	R -18,793	Community Programs	R 0	R 6,338	R -6,338	R -10,510
R 10,051,064	R 1,427,955	R 8,623,109	Publicity	R 6,291,935	R 430,228	R 5,861,707	R 15,093,760
R 14,997	R 3,184,513	R 3,169,516	Youth Center	R 15,185	R 1,254,088	R 1,238,903	R 0
R 10,617,061	R 0	R 10,617,061	Vusubuntu Cultural Village	R 11,361,347	R 0	R 11,361,347	R 6,158,209
			Financial Officer				
			Consumer Services				
			Assessment rates				

R 0	R 280,863	R -280,863	Information Technology	R 0	R 421,864	R -421,864	R -334,324
R 128,308	R 1,702,549	R -1,574,241	Internal Services - Salaries	R 0	R 920,473	R -920,473	R -861,706
R 0	R 352,661	R -352,661	Internal Services - Stores	R 0	R 175,963	R -175,963	R -176,613
R 0	R 503,137	R -503,137	Financial Control & Assets	R 0	R 237,889	R -237,889	R -242,122
R 0	R 1,136,078	R -1,136,078	Revenue Management	R 0	R 576,616	R -576,616	R -690,344
R 287,715	R 1,082,459	R -794,744	Community Services	R 272,627	R 1,087,762	R -815,135	R -1,084,500
R 6,821	R 801,357	R -794,536	Libraries	R 6,228	R 844,788	R -838,560	R -827,154
R 0	R 670,137	R -670,137	Street Sweeping	R 0	R 617,385	R -617,385	R -622,470
R 76,891	R 3,332,362	R -3,255,471	Parks and sport fields	R 107,289	R 3,677,029	R -3,569,740	R -3,136,052
R 8,533	R 87,267	R -78,734	Swimming pool	R 9,740	R 66,279	R -56,539	R -54,500
R 137,851	R 49,243	R 88,608	Cemeteries	R 194,648	R 54,069	R 140,579	R 155,753
R 0	R 707,450	R -707,450	Technical Services	R 0	R 856,463	R -856,463	R -868,940
R 85,485	R 314,725	R -229,240	Town Planning	R 123,373	R 265,316	R -141,943	R -264,703
R 0	R 8,745	R -8,745	Aerodrome	R 0	R 579	R -579	R -4,700
R 134,049	R 872,466	R -738,417	Mechanical Workshop	R 121,774	R 786,472	R -664,698	R -769,117
R 36,960	R 2,436,971	R -2,400,011	Public works : Streets	R 29,265	R 2,743,532	R -2,714,267	R -2,474,316
R 0	R 737	R -737	Sidewalks	R 0	R 0	R 0	R 0
R 0	R 82,909	R -82,909	PW : Building & Mtce	R 0	R 111,725	R -111,725	R -93,500
R 75,051	R 2,076,693	R -2,001,642	Public Works	R 88,375	R 1,974,818	R -1,886,443	R -1,953,073
R 0	R 1,627,337	R -1,627,337	Public Works - Plumbing	R 0	R 1,643,296	R -1,643,296	R -1,624,794
R 1,386,729	R 1,414,972	R -28,243	Traffic	R 1,658,716	R 1,405,997	R 252,719	R 190,335
R 2,468,526	R 4,672,597	R -2,204,071	SUBSIDIZED SERVICES	R 3,050,164	R 4,644,285	R -1,594,121	R -1,887,411
R 0	R 604,828	R -604,828	Civil Defense/Fire Protect	R 0	R 639,437	R -639,437	R -634,399
R 6,502	R 222,330	R -215,828	Fire Protection Services	R 12,799	R 7,698	R 5,101	R -11,000
R 2,462,024	R 3,845,439	R -1,383,415	Clinics	R 3,037,365	R 3,997,150	R -959,785	R -1,242,012
R 17,955,690	R 5,971,754	R -11,983,936	ECONOMIC SERVICES	R 19,137,302	R 11,663,157	R 7,474,145	R -2,828,971
R 7,872,456	R 3,823,985	R -4,048,471	Cleansing	R 8,428,561	R 6,980,393	R 1,448,168	R -4,012,098

R	R	
10,083,234	2,147,769	R 7,935,465

R 373,354	R 814,403	R -441,049
R 373,354	R 814,403	R -441,049
R	R	R
35,670,800	20,765,706	14,905,094
R	R	R
23,940,405	17,997,285	R 5,943,120
R	R	
11,730,395	2,768,421	R 8,961,974

R	R	
81,361,334	75,448,072	R 5,913,262
		21,638,871
		R
		27,552,133
		1,622,489
		R
		<u>29,174,622</u>

Sewerage	R 10,708,741	R 4,682,764	R 6,025,977	R 1,183,127
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HOUSING SERVICES	R 410,905	R 795,041	R -384,136	R -424,985
Cradock Housing	R 410,905	R 795,041	R -384,136	R -424,985

TRADING SERVICES	R 36,321,765	27,085,938	R 9,235,827	R 7,329,369
Electricity	R 24,603,159	R 21,728,221	R 2,874,938	R 3,763,957
Water	R 11,718,606	R 5,357,717	R 6,360,889	R 3,565,412

TOTAL	R 80,220,500	73,777,366	R 6,443,134	R 0
Appropriations for the year			-61,340,066	
Net surplus/(deficit) for the year			R -	54,896,932
Accumulated surplus/(deficit) beginning of the year			29,174,622	
Accumulated surplus/(deficit) end of the year			R -	<u>25,722,310</u>

STATISTICAL INFORMATION	2005	2006	2006	2007	2007	2008
CRADOCK AND MIDDELBURG						
General Statistics						
Population - Census 2001		60296		60296		60296
Registered Votes		29362		29362		29362
Total Valuation	655,561,746		654847454			614080275
- Non taxable	27,082,266		38362894			38428192
- State Properties	96,202,150		96070148			117838700
- Residential & Commercial	520,738,410		498381862			496241575
- Municipal Properties - Lusaka	11,538,920		242550			1733852
Valuation date - 2001/2002						
Number of sites - Residential		13753		13753		13801
Number of sites - Lusaka		447		447		447
Number of state properties		398		398		444
Exemptions		128		128		15
Number of sites - Commercial		79		79		86
Tax Rate: - Basis		1.69 - 2.10		1.69 - 2.10		1.69 - 2.26
Sanitation (Refuse)						
Km traveled		110291		99440		102820
Refuse removed (kub m)		71673		55404		58894
Cost per kub m removed		44.09		69.02		118.53
Income per kub m removed		111.88		138.48		143.12
Electricity						
Units (kwh) purchases	62920588		61697342			No details available
Purchase price per kwh		18.77		20.43		No details available
Units (kwh) sold	53922943		53800082			No details available
Units (kwh) lost during distribution		8997645		7897260		No details available
Percentage lost during distribution		14.3		12.8		No details available
Cost per unit sold		30.55		24.98		No details available
Income per unit sold		37.37		40.21		No details available
No trading takes place in Lingelihle as Eskom is the supplier						
Water - Cradock/Middelburg						

KI purchases	4087000	6709024	6277731
Purchase price per KI	0.081	1.41	1.47
KI sold	3132240	5702670	5833711
Percentage lost during distribution	954760	15	7.08
Income per KI sold for both units	2.33	1.33	2.01
Prepaid meters installed in Lingelihle & Michausdal since June 2003			
Water - Middelburg			
KI pumped	1690182	Combined into	
KI sold	1405545	Cradock	
Percentage lost during distribution	17.1		
Cost per unit pumped	0.56		
Water in Lusake not metered.			
Cost recovered through levy			

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF INXUBA YETHEMBA MUNICIPALITY FOR
THE YEAR ENDED 30 JUNE 2008**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Inxuba Yethemba Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1.1, and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

- 3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
- appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The Municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.1.

Basis for qualified opinion

Fixed Assets

9. Material prior year errors, as reported in the Report of the Auditor General for the year ending 30 July 2007 has not been adjusted for. These errors relate to unreconcilable differences between the general ledger and the fixed asset register, amounting to R3 107 674, and a limitation of scope due to unsubstantiated adjustments of R20 648 893 made on fixed assets. I was therefore unable to satisfy myself, with regard to the valuation, existence, rights and obligations and the completeness of the opening balance of the fixed assets. Accordingly I am unable to express any opinion with regard to the valuation, existence, rights and obligations and the completeness of fixed assets of R 179 642 401 as disclosed in the balance sheet.
10. Sufficient appropriate audit evidence could not be provided for expenditure, totaling R580 000, relating to infrastructure projects. I was therefore unable to obtain sufficient assurance, even by alternative means, with regard to the accuracy and occurrence of the relevant expenditure.
11. A difference, of R 265 784 exists between the bank and cash balance as disclosed in the balance sheet and the underlying general ledger reconciliation. In effect the bank and cash item on the balance sheet is under stated by the said amount.
12. The Municipality paid salaries amounting to R 3 000 000 using funds from the Drought Relief Fund. This constitutes unauthorized expenditure as this operating expenditure was paid using a conditional grant for purposes other than specified in the grant.

Qualified opinion

13. In my opinion, except for the effects of any such adjustments, if any as might have been determined to be necessary had I been able to satisfy myself as to the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Inxuba Yethemba Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the identified basis of accounting (*per par. 8*) and in the manner required by the MFMA.

Emphasis of matters

I draw attention to the following matters:

Going concern

14. The ability of the municipality to continue to render uninterrupted services to stakeholders in future has been considered and in this regard the following matters identified suggest that the outlook for future trading activities is not favorable:
- The collection of overdue amounts due to the municipality by customers remains a constant factor facing the municipality. Although management has introduced additional measures during the course of the year under review to facilitate cash collection, the likelihood of significant success in the immediate future is doubtful. As a result, the adverse effect on cash flows is expected to remain in the foreseeable future.
 - The municipality's balance sheet reflects an insolvent position and its accumulated losses amount to R25 722 310.
 - The balance of debtors that was deemed irrecoverable was R60 072 081, being debtors (excluding indigents) that are more than 90 days old. Debtors' days have also increased from 377 to 425 days. The situation indicates the existence of material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern. The financial statements do not disclose this fact.

Highlighting critically important matters presented or disclosed in the financial statements

Irregular, Fruitless and wasteful expenditure

- 15 As disclosed in note 35 to the financial statements, the Municipality incurred the following costs, interest levied on late payment of compensation for occupational injuries R 15 690, interest on late payment of VAT R 8 322 and penalties levied on late payment on occupational injuries R 28 654. These costs represent fruitless and wasteful expenditure.
16. As disclosed in note 36 to the financial statements, the Municipality exceeded its approved overdraft limit by R 400 649. This excess was not approved by Council and thus represents irregular expenditure.
17. As disclosed in note 36 to the financial statements, the Municipality overspent on the following conditional grants Vusubuntu and Transformation by R 79 461. This excess was not approved by Council and thus is irregular expenditure.

OTHER MATTERS

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

Internal controls

18. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of

internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Opening Balances					✓
Infrastructure Projects	✓				
Revenue	✓		✓		✓
Expenditure	✓		✓		✓
Cash and Bank	✓		✓		✓
VAT	✓		✓		✓

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Material non-compliance with applicable legislation

19. Section 30(1) of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) requires a municipality to perform a general valuation and maintain a valuation roll for properties within the municipality's jurisdiction for purposes of levying rates. However, the last valuation roll for the Municipality was prepared in 2002 and no other subsequent supplementary valuations were done.
20. The Municipality, which operates landfill sites, has an obligation in terms of S 28 of the National Environment Management Act, No 107 of 1998 to restore such sites. The municipality does not assess the remaining useful life of landfill sites. Detailed records of the capacity of landfill sites are not maintained by the municipality's engineers. Consequently, a provision for the rehabilitation of landfill sites has not been raised in the financial statements. Due to the specialist nature of such a provision and lack of appropriate records, I was unable to determine the extent of the misstatement.

Matters of Governance

21. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to

achieving this is the implementation of certain key governance responsibilities, which we have assessed as follows:

No.	Matter of governance	Yes	No
Audit committee			
	• The municipality had an audit committee in operation throughout the financial year.		No
	• The audit committee operates in accordance with approved, written terms of reference.		No
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		No
Internal audit			
	• The municipality had an internal audit function in operation throughout the financial year.		No
	• The internal audit function operates in terms of an approved internal audit plan.		No
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		No
Other matters of governance			
	• The annual financial statements were submitted for audit as per the legislated deadlines for municipalities (section 126 of the MFMA).	Yes	
	• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		No
	• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	Yes	
	• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		No
	• The prior year's external audit recommendations have been substantially implemented.		No
Implementation of GRAP			
	• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.	Yes	
	• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.	Yes	
	• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.	Yes	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

22. I was engaged to audit the performance information.

Responsibility of the accounting officer

23. In terms of section 121(3)(c) of the MFMA, the annual report of a Municipality must include the annual performance report of the Municipality prepared by the Municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

24. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

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

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

Audit findings

Non-compliance with regulatory requirements

Existence and functioning of a performance audit committee

27. Inxuba Yethemba Municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilized as the performance audit committee.

Internal auditing of performance measurements

28. Inxuba Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the Municipal Systems Act.

APPRECIATION

29. The assistance rendered by the staff of Inxuba Yethemba Municipality during the audit is sincerely appreciated.



East London

28 November 2008



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

Responses to Report of Auditor-General

Comments CFO: Municipal accounting standards have changed in order to ensure GRAP compliance. The company Deloitte and Touche has been appointed to assist with the conversion to GRAP. The conversion is applicable retrospectively from July 2007. In light of the above, it therefore made sense to appoint Deloitte and Touche to assist with the action plan. All audit queries in terms of disclosure of the Annual Financial Statements are being revised as a whole in context of the implementation of GRAP in the Annual Financial Statements. The process will thus reach completion with the finalisation of the 2008 / 2009 Annual Financial Statements.

Basis for qualified opinion Fixed Assets

9. Material prior year errors, as reported in the Report of the Auditor General for the year ending 30 July 2007 has not been adjusted for. These errors relate to irreconcilable differences between the general ledger and the fixed asset register, amounting to R3 107674, and a limitation of scope due to unsubstantiated adjustments of R20 648 893 made on fixed assets. I was therefore unable to satisfy myself, with regard to the valuation, existence, rights and obligations and the completeness of the opening balance of the fixed assets. Accordingly I am unable to express any opinion with regard to the valuation, existence, rights and obligations and the

completeness of fixed assets of R 179 642 401 as disclosed in the balance sheet.

Answer: *The implementation of GRAP will address this issue by means of a totally new asset count at market related prices.*

Responsible person: R Crouse

10. Sufficient appropriate audit evidence could not be provided for expenditure, totaling R580 000, relating to infrastructure projects. I was therefore unable to obtain sufficient assurance, even by alternative means, with regard to the accuracy and occurrence of the relevant expenditure.

Answer: *This refers to the informal query 13 regarding Infrastructure Projects. The information that the auditors could not obtain was the following.*

Contract details

Payment details

Project reports

Expenditure details and supplier's statements

The only records which the Finance Department keeps in this regard are the payment vouchers which are attached to the cheques. These were made available to the auditors. Normally these projects are paid by means of payment certificates. The Finance Department does not keep any other records with related to projects. All other records are kept by the department responsible for the submission of the claims.

Responsible person: Manager Technical Services

11.A difference, of R 265 784 exists between the bank and cash balance as disclosed in the balance sheet and the underlying general ledger reconciliation. In effect the bank and cash item on the balance sheet is under stated by the said amount.

Answer: *This problem has already been addressed.*

Responsible person: R Crouse

12.The Municipality paid salaries amounting to R 3 000 000 using funds from the Drought Relief Fund. This constitutes unauthorized expenditure as this operating - expenditure was paid using a conditional grant for purposes other that specified in the grant.

Answer: *Emanates from Council's poor cashflow situation.*

Qualified opinion

13. In my opinion, except for the effects of any such adjustments, if any as might have been determined to be necessary had I been able to satisfy myself as to the matters described in the basis for qualified opinion paragraphs, statements present fairly, in all material respects, the financial position of Inxuba Yethemba Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the identified basis of accounting (*per par. 8*) and in the manner required by the MFMA.

Emphasis of matters

I draw attention to the following matters:

Going concern

14.The ability of the municipality to continue to render uninterrupted services to stakeholders in future has been considered and in this

regard the following matters identified suggest that the outlook for future trading activities is not favorable:

- The collection of overdue amounts due to the municipality by customers remains a constant factor facing the municipality. Although management has introduced additional measures during the course of the year under review to facilitate cash collection, the likelihood of significant success in the immediate future is doubtful. As a result, the adverse effect on cash flows is expected to remain in the foreseeable future.
- The municipality's balance sheet reflects an insolvent position and its accumulated losses amount to R25 722 310.
- The balance of debtors that was deemed irrecoverable was R60 072 081, being debtors (excluding indigents) that are more than 90 days old. Debtors' days have also increased from 377 to 425 days. The situation indicates the existence of material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern. The financial statements do not disclose this fact.

Answer: *The accumulated loss has been reflected at the auditor's insistence in order to make provision for bad debt. I have been hesitant to do this in the past, fearing an audit query. We now have a situation where they insisted that this provision be made and on the other hand they are now querying the fact that the provision has resulted in a large debit on the appropriation account.*

Highlighting critically important matters presented or disclosed in the financial statements

Irregular, Fruitless and wasteful expenditure

15 As disclosed in note 35 to the financial statements, the Municipality incurred the following costs, interest levied on late payment of compensation for occupational injuries R 15690, interest on late payment of VAT R 8 322 and penalties levied on late payment on occupational injuries R 28 654. These costs represent fruitless and wasteful expenditure.

Answer: *Poor cash flow necessitates the synchronisation of statutory payments with available cash flow.*

Responsible person: R Crouse

16. As disclosed in note 36 to the financial statements, the Municipality exceeded its approved overdraft limit by R 400 649. This excess was not approved by Council and thus represents irregular expenditure.

Answer: *This resulted from poor cash flow at that time.*

Responsible person: R Crouse & CFO

17. As disclosed in note 36 to the financial statements, the Municipality overspent on the following conditional grants Vusubuntu and Transformation by R 79 461. This excess was not approved by Council and thus is irregular expenditure.

Answer: *Measures have been put into place to prevent this in future.*

Responsible person: R Crouse

OTHER MATTERS

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

Internal controls

18. Section 62(1)(c)(i) of the **MFMA** states that the accounting officer must ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Internal controls, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Opening balances					✓
Infrastructure Projects	✓				
Revenue	✓		✓		✓
Expenditure	✓		✓		✓
Cash and Bank	✓		✓		✓
VAT	✓		✓		✓

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigating strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Material non-compliance with applicable legislation

19. Section 30(1) of the Municipal Property Rates Act, 2004 (Act NO.6 of 2004) requires a municipality to perform a general valuation and maintain a valuation roll for properties within the municipality's jurisdiction for purposes of levying rates. However, the last valuation roll for the Municipality was prepared in 2002 and no other subsequent supplementary valuations were done.
20. The Municipality, which operates landfill sites, has an obligation in terms of S 28 of the National Environment Management Act, No 107 of 1998 to restore such sites. The municipality does not assess the remaining useful life of landfill sites. Detailed records of the capacity of landfill sites are not maintained by the municipality's engineers. Consequently, a provision for the rehabilitation of landfill sites has not been raised in the financial statements. Due to the specialist nature of such a provision and lack of appropriate records, I was unable to determine the extent of the misstatement.

Matters of Governance

21. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which we have assessed as follows:
- achieving this is the implementation of certain key governance responsibilities, which we have assessed as follows:

No.	Matter of governance	Yes	No
Audit committee			
*	The municipality had an audit committee in operation throughout the financial year		No
*	The audit committee operates in accordance with approved, written terms of reference		No
*	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of		No

	the MFMA		
Internal audit			
*	The municipality had an internal audit function in operation throughout the financial year		No
*	The internal audit function operates in terms of an approved internal audit plan		No
*	The internal audit function substantially fulfilled its responsibilities of the year, as set out in section 165(2) of the MFMA		No
Others matters of governance			
*	The annual financial statements submitted for audit were not subject to any material amendments resulting from the audit	Yes	
*	No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management		No
*	The prior year's external audit recommendations have been substantially implemented		
Implementation of GRAP			
*	The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007	Yes	
*	The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP	Yes	
*	The municipality submitted an implementation plan, detailing further progress towards full compliance with	Yes	

	GRAP, to the National Treasury and the relevant provincial treasury before 31 march 2008		
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OTHER REPORTING

RESPONSIBILITIES REPORT ON PERFORMANCE INFORMATION

22. I was engaged to audit the performance information.

23. Responsibility of the accounting officer

23. In terms of section 121 (3)(c) of the MFMA, the annual report of a Municipality must include the annual performance report of the Municipality prepared by the Municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

24. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

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

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

Audit findings

Non-compliance with regulatory requirements

Existence and functioning of a performance audit committee

27. Inxuba Yethemba Municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilized as the performance audit committee.

Answer: *The shared audit service of the Western portion of*

Chris Hani consisting of, Inxuba Yethemba, Tsolwana and Nkwanca was finalized in May 2008 hence could not function in the financial year in question. This would assume the role of both the Regularity and Performance audit. This has been budgeted in the 2008/9 financial year.

Responsible person: Municipal Manager

Internal auditing of performance measurements

28. Inxuba Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the Municipal Systems Act.

Answer: *This is as a result of lack of capacity in the internal audit office, and this is receiving attention, and also there is an attempt of forging a shared service in the Western portion to capacitate existing unit*

APPRECIATION

29. The assistance rendered by the staff of Inxuba Yethemba Municipality during the audit is sincerely appreciated.


East London

28 November 2008



AUDITOR-GENERAL

INXUBA YETHEMBA MUNICIPALITY
GENERAL INFORMATION

Reporting Level	Detail	Total	
Overview:	Inxuba Yethemba Municipality comprises the former Middelburg EC and Cradock TLC's. the N10 national road which is the main link between Port Elizabeth and the north runs through the municipality. The Municipal council has an Executive Mayoral Committee with ward participatory system. It is comprised of 8 proportional representative and 9 ward councilors		
Information	1 Geography: Geographical area in square kilometres Source: Municipal Demarcation Board Municipal Profile for EC131	11594.65	
	2 Demography: Total population Source: Census 2001	60296	
	3 Indigent Population Municipal records of registered indigents. Households whose total income is less than R1 200 per month are regarded as indigent according to council policy Source: Municipal Records Unemployed: 28 879 Source: Census 2001	<i>8014</i>	
	4 Total number of voters Source: IEC office, IYM	30 613	
	5 Age breakdown: - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Census 2001	<i>3541</i> <i>17631</i> <i>20988</i> <i>18136</i>	
	6 Household income:		

	- over R3,499 per month	1746	
	- between R2,500 and R3,499 per month	1000	
	- between R1,100 and R2,499 per month	7967	
	- under R1,100 per month	2054	
	Adapted from MDB municipal profile for EC 131		

Function: Executive and Council			
Sub Function: N/A			
Reporting Level	Detail	Total	
Overview:	To govern on its own initiative the local government affairs of the local community. Ensure the provision of services to the local community. Municipal council exercise the municipality's legislative and executive authority. Promote and undertake development in the municipality		
Description of the Activity:	The function of executive and council within the municipality is administered as follows and includes:		

	<ul style="list-style-type: none"> -Committee services under the auspices of the Speaker. -Council and committee meetings are regularly held and are open to the public -Ward participatory system under the auspices of the Speaker Ward Councillors are in charge of the wards and the ward committees Training of ward committees was initially facilitated by Speaker The ward Councillors are expected to keep their ward committees in full operation Mayoral Committee under the auspices of the Executive mayor The Mayoral committee is fully functional and meets regularly. The committee acts in a supervisory capacity over the other committees, as the 4 Chairpersons of the 4 standing committees sit in the Mayoral committee and report on progress in their committees -Ward Councillors IYM has a ward-participatory system. Ward Councillors drive the processes of public participation in municipal affairs in their wards. They also deal with general complaints from constituents in the wards. The Councillors are assisted by fieldworkers deployed in the wards -Chairpersons of standing Committees 		
	<p>4 Councillors are deployed as Chairpersons of the standing committees and together with the relevant Section 57 Manager are responsible for the smooth running of the relevant municipal department. Committee meetings are open to the general public but the public hardly ever make use of this platform, except when dedicated groups represent specific interests</p> <ul style="list-style-type: none"> -Councillors deployed in committees The rest of the councillors are deployed in the standing committees and assist the Chairperson in his/her duties. councillors are also deployed on external bodies, like the Police Forum, Museum Board, etc. 		

Function Analysis	1	Councillor detail: Total number of Councillors	18	
		Number of Councillors on Mayoral Committee (includes Mayor & Speaker)	6	
	2	Ward detail: Total number of Wards	9	
		Number of Ward Meetings	47	
	3	Number and type of Council and Committee meetings: List here Council meetings, followed by individual committee and the number of times that each met		
		Ordinary Council meeting 2007/8	6	
		Special Council meetings 2005/6	3	
		Committee meetings 2005/6		
		Community & protection services	10	
		Corporate Services	14	
	Finance	11		
	Technical & LED services	11		
	Mayoral committee	7		

Function:	Finance and Administration		
Sub Function:	Finance		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	The function of finance within the municipality is administered as follows and includes:		

*Finance Administration to give guidance to internal dept.

*Asset and budget control management-the management of municipal assets and risks, financial statements, municipal budget and internal control

*Internal services-valuation and calculation of rates, raising of monthly accounts to all consumers for services, customer queries and payments

*Revenue management-ensure that all debt is collect, revenue collected and administration of the indigent customer

*External services-management of the salary payroll

Paying of creditors as well as sundry

Payments key issues are: the development and enhancement of an accurate and effective system

The strategic objectives of this function are to:

The key issues for 2007/08 are:

Property valuation

MFMA Implementation

Finance Policy Development and Implementation

Financial Viability

Asset Management

1	Debtor billings: number and value of monthly billings: Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc)	See Annexure 1	
2	Debtor collections: value of amount received and interest: Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function	R (000s) See Annexure 2	R (000s)
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days: Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function	R (000s) See Annexure 3	
4	Write off of debts: number and value of debts written off: Note: create a suitable table to reflect write offs each month across debtors by function	See Annexure 4	R (000s)
5	Property rates (Residential): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	See Annexure 6	R (000s)
Reporting Level	Detail	Total	
6	Property rates (Commercial): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	See Annexure 6	R (000s)
7	Property valuation: - Year of last valuation - Regularity of valuation	See Annexure 6	R (000s)

9	<p>Indigent Policy:</p> <ul style="list-style-type: none"> - Quantity (number of households affected) - Quantum (total value across municipality) 	<p style="text-align: center;"><i>See Annexure 6</i></p>	
10	<p>Creditor Payments:</p> <p>Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days</p>	<p style="text-align: center;"><i>R (000s) See Annexure 5</i></p>	
11	<p>Credit Rating:</p> <p>List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated</p>	<p style="text-align: center;"><i>R (000s) NONE</i></p>	
12	<p>External Loans:</p> <p>Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.</p>	<p style="text-align: center;"><i>R (000s) See Annexure 7</i></p>	<i>R (000s)</i>

THE KEY PERFORMANCE AREAS FOR THE DEPARTMENT IN 2007/8 WERE

1. Property Valuation
2. MFMA Implementation
3. Finance Policy Development and Implementation
4. Financial Viability
5. Asset Management

FINANCE DEPARTMENT PERFORMANCE

Key Objectives	Project	Key Performance Indicators	Target/Date of completion	Performance status on date	Reason for deviation
1. Increase income from ratable property	Property valuation	% work done based on plan	40 % work to be done by May 2008	40% achieved	
2. Sound financial management practice in terms of MFMA priorities and timeframes	a) budget and treasury office established	a) Established office	November 2007	20 %	No personnel for office due to finances
	b) Budget and revenue management effective as reflected by monthly reports	b)Monthly and quarterly reports	Monthly reports	100 %	
	c) Financial reporting and auditing	c)Quarterly reports	4 by June 2008	100 %	Reports not audited due to lack of capacity

3. Development and implementation of financial management policies and by-laws	a) Credit control and debt collection	Documents on policies and quarterly progress reports on implementation	31 October 2007	100 % resolution number 08/69	
	b) Indigent policy	Documents on policies and quarterly progress reports on implementation	31 October 2007	100 % resolution numbers 08/69 & 08/47	
	c) Supply Chain management	Documents on policies and quarterly progress reports on implementation	30 November 2007	100 % resolution number 08/102	
	d) Property rates policy	Documents on policies and quarterly progress reports on implementation	30 June 2008	adopted Resolution number 08/80	
	e) Fraud prevention policy	Documents on policies and quarterly progress reports on implementation	30 June 2008	Adopted resolution number 08/101	
	f) investment policy	Documents on policies and quarterly progress reports on implementation	30 June 2008	Not done	

4. To set financial viability targets which will be achieved	a. Reduction in service debtors	5 mil to be written off by June 2008	Amount written off		Cannot be determined prior end of financial year, but a book surplus of 5 mil is projected after end of financial year
	b. Consumer debt exceeding 90 % is recovered	Amount collected	90% by June 2008	66% when current receipts/debits ratio is used and 96% when total receipts/debits ratio is used	Clarity on ratio calculation needed, and target set too high
	c. Turn around time for creditor payment improved	Number of days for creditors payment	Paid within 30 days		Cash flow does not allow this
	d. Decrease in personnel costs over	% cost of operating budget	40 % of operating budget		Target not achievable for now
	e. Provision for bad debt made	amount set for bad debts	8 mil to be written off by June 2008		Cannot be determined prior end of financial year, but a book surplus of 5 mil is projected after end of financial year

	f. Increase revenue of total current accounts levied to 90 %	% recovery rate on debtors levied	85 % recovery rate on debtors levied by June 2008s		Due to system limitations of identifying receipts on current and older debt this was not possible. Problem has since been addressed
5. Asset Register for all municipal property and assets periodically maintained	Updated and compliant asset register	Quarterly auditing of register	Register	no audit query on assets	

Function:	Finance and Administration
Sub function:	Human Resources

Reporting Level	Detail	Total	
Overview:	Filling of posts which entail advertising, recruitment, selection and appointments. Implementation of Employment Equity, Skills Development according to agreed plans. Establishment and functioning of Local Labour Forum (LLF) to promote sound labour relations. Development of a functional organisational structure. Managing issues of discipline through advising line managers on procedures and processes to be undertaken in conducting disciplinary enquiries. Personnel administration, which involves administering of medical aid schemes, pension funds, leave administration and implementation of relevant policies to employees.		
Description of the Activity:	The HR function includes all areas mentioned above and is administered as follows:		
	<ul style="list-style-type: none"> • The HR function is mainly located at Corporate Services, though line departments expected to perform some HR related functions, for example, the maintenance of discipline. • The Skills Development Facilitator is responsible for all issues related to training and development of employees as well as councillors. This would include skills audit, analysis of audit, drawing of a training plan and organizing training. Submission of the WSP is also located here. • The HR clerk is responsible for personnel administration, that is, leave administration, pension, retirement and provident funds. Assists in recruitment and selection processes. • The Manager is responsible for Employment Equity, Labour Relation as well as overall supervision and management of the section. <p>The Strategic Objectives of this function is to:</p> <ul style="list-style-type: none"> • Promote and encourage sound labour relations • To have a productive workforce 		

	<ul style="list-style-type: none"> • through proper communication • Implement employment equity • Train and develop employees for their advancement • Recruit, select and appoint suitable staff component for effective 		
Analysis of function	<i>Number and cost to employer of all municipal staff employed</i> -Professional (Managerial/Specialist) -Field (Supervisor/Foreman) -Office (Clerical/Administrative) -Non professional (blue collar (outside workforce)) -Temporary staff -Contract staff	See accompanying table	

Salary Scale as per Occupational Category

Occupational Category	African male	Coloured male	White male	African female	Coloured female	White female	Total
Professional (Managerial/Specialist)	11 830 785	439 345	2 776 062			439 345	15 485 537
Field (Supervisor/Foremen)	1 219 575	1 916 096	976 337	658 583			4 770 591
Office (Clerical/Admin)	1 460 372	2 116 318	1 959 318	2 110 460	1 890 732	3 041 479	12 578 679
Non-professional (Blue-collar)	8 753 166	3 158 649	98 500	1 767 970	637 760		14 416 045
Temporary staff							
Contract staff	13780		430 266		73 381	67 492	584 919
Total	23 277 678	7 630 408	6 240 483	4 537 013	2 601 873	3 548 316	47 835 771

THE KEY PERFORMANCE AREAS FOR THE CORPORATE SERVICE DEPARTMENT IN 2007/8 WERE

1. Organisational Development
2. Employee Development and Assistance
3. Development of Performance Management System
4. Batho Pele Principles
5. Skills Development

CORPORATE SERVICE PERFORMANCE ON KEY AREAS

Key Objectives	Project	Key Performance Indicators	Target/Date of completion	Performance status on date	Reason for deviation
1. Organisational development	Organogram Policies and by-laws	Reviewed organogram b) Human resource policies, institution by-laws and communication systems Compiled code	100 % by June 2008 Approved policies, by-laws and communication strategy	approved by Council on 29 May 2008 with council resolution 08/81 Human Resource policies in place Communication strategy in draft form	Bye-laws not yet consolidated into a code due to lack of resources
2. Employee development & assistance	Employee assistance programme	Developed programme and report on implementation		1. Employee Assistance Policy drafted and tabled to LLF In January 2. Assistance arranged for staff with financial problems arising from consolidated loans. Maurice Shadiak Attorneys visit the workplace monthly to consult with individuals 3. Wandrie informed for which employees no further deductions will be made until	Previous attempts to assist employees met with resistance from staff and the effort died

				the take home pay is in order 4. Substance abuse policy prepared to be approved	
3. Performance Management System	Development and Implementation of a Performance Management System	Documentation	June 2008	PMS for both municipality and staff were approved by council in May 2007/08	Efforts to implement were met with resistance from senior staff who only saw it as an extra workload
4. Batho Pele principles	Batho Pele	Code on staff conduct	October 2007	In place	
		Complaint register/box	November 2007	In place in some departments	
		Customer service system	January 2008	Interdepartmental Batho Pele forum in place	Help desk has been incorporated in the revised organogram
5. Skills Development	Skills development plan	Documentation	May 2008	Workplace Skills Plan to be tabled in JULY 2008.	SDF submitted too late to be tabled in May, due to templates that were changed by the SETA
		Total rand value of levy claimed back as a percentage of the total levy paid to skill development fund	100%	94%	Plan for 2007/8 implemented with funds received

Function:	Finance and Administration
Sub function:	Other Administration (procurement)

Reporting Level	Detail	Total	
Overview:	Overall procurement functions in the municipality are a function of the Finance Department. Corporate services are only involved in some of the admin actions for formal tenders and this section of the report will thus deal with those actions		
Description of the Activity:	<p>Administration of tenders (2007/08)</p> <p>Advertisement of tender: Documentation drafted by service provider/ consultant. Corporate Services is only involved in submitting advertisement containing all details to media for advertisement to be placed</p> <p>Receipt of closed tenders: The tender box is situated in the Records Section. Records Clerk oversee placement of closed tenders in box.</p> <p>Opening of tenders: The relevant Department, together with staff from Corporate Services open the received tenders in the Council Chamber in the presence of tenderers present. The information is captured in a register and posted on notice boards for public information. The opened tenders are given to the relevant Department to draft a technical report and supply to the Tender Committee to adjudicate. The strategic objectives of this function are to: -Ensure a transparent process -Do the administration of the tendering process</p>		
Analysis of the function	<p>Details of tender/procurement activities:</p> <ul style="list-style-type: none"> -Total number of times that tender committee met during year: 5 -Total number of tenders considered 7 -Total number of tenders approved 7 -Average time taken from tender advertisement to award of tender 2 months 		
	<p>Details of tender committee</p> <p>The 6 Section 57 Managers form the committee. Four (4) is considered a quorum. The Manager in whose department the tender is, only takes part in an advisory capacity and is not allowed to participate in awarding the tender.</p> <p>CH Claassens – Manager Community Services MM Raubenheimer-Manager Corporate Serv SPH Kruger manager Finance (CFO)</p>		

	XA Maki- Manager LED BG Badenhorst- Manager Technical Serv RW Venske- Manager Protection Serv The Municipal Manager handles appeals		
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Function:	Planning and Development
Sub Function:	Economic Development

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p>Management of commonage Implementation & coordination of special projects Facilitation & promotion of Tourism & Community Programme (museum, tourist attractions, stakeholders mobilization & participation)</p> <p>MANAGEMENT OF COMMONAGE CORE BUSINESS *To facilitate and coordinate the development of emerging farmers by accessing land for them training/capacity building programmes & funding opportunities further ensure, the proper and effective utilisation of the commonage, interalia, prevention of overgrazing, supervising, replacement and repairs to all municipal fences, regular inspection of fences. Furthermore ensuring repairs to water pipelines, cribs dams for water supply, overseeing the fixing of wing pumps and their erection thereof. Lastly, supervising and inspecting water pipelines coming from town to check burst pipes and damage to property. *The municipality has a mandate to ensure that land is made available to the emerging farmers for production purposes. It is also responsible for ensuring that they become economically sustainable hence commercialization of them. Lastly, the local government is mandated to ensure the efficient, effective and economical use of its limited resources, in this case its land usage. *The strategic objectives of this function is to ensure</p>		

effective. Efficient and economical use of the commonage. Further realization of emerging farmers to become commercial farmers within the next three years.

*The key issues for 2007/8 financial year are the access to land of emerging farmers and those interested in agricultural activities particularly the young people, women, HIV/AIDS and physically challenged individuals

IMPLEMENTATION & COORDINATION OF SPECIAL PROJECTS

*This function is located in the Mayors Office and politically driven there while administratively is driven in the Local Economic Development Department. Its core business is the facilitation, development and identification of projects with an economic potential for implementation. Furthermore, partnerships are created with key government department and agencies for the development of these special project. It is this function, that should ensure that necessary resources such as funding and infrastructure are secured for implementation thereof. Furthermore institutional capacity building programmes for these special project are also secured. The expected beneficiaries of these project are the following sectoral groups: Youth, Women, Elderly, HIV/AIDS and the physically challenged individuals (disabled)

*In this regard the municipality has a mandate to ensure that the vulnerable groups/sectors of our society are also mobilized and become part of the developmental agenda of the municipality as required by our constitution.

*The strategic objectives of this function are to ensure that the young people, women, HIV/AIDS, elderly and so called disabled individuals enjoy their socio-economic rights as provided by our constitution. In the next three years, these should be a visible and a number of small, micro, medium enterprises that are driven by the young people, women, HIV/AIDS and physically challenged individuals (disabled)

FACILITATION & PROMOTION OF TOURISM & COMMUNITY PROGRAMMES

*The core function is the planning, facilitating coordinating stakeholders participation in the Local Economic Development activities and general municipal affairs. It develops maintains and use stakeholders database in the LED activities and the general municipal affairs. In this regard, this function coordinates the functioning of the LED forums within the municipal area by organizing and convening stakeholder meeting. the promotion of tourism is effected through tourist attractions within the municipal area which is being facilitated by the Publicity/Information Offices. On an ad hoc basis various visual and performing artists do benefit

	<p>by selling their products to the visitors</p> <p>*The municipality has a mandate to ensure that community participation in the municipal affairs promoted and consolidated. Furthermore, in areas such as tourism an opportunity is afforded for those previously disadvantaged to play their meaningful role in this industry.</p> <p>*Thee strategic objectives of this function are ensuring a community driven local government fulfilling its vision of a coherent developmental municipality putting people first and providing a better life for all. Furthermore, there needs to be a visible number of individuals (PDI) becoming beneficiaries in the tourism industry and our municipal area becoming a preferred tourist destination</p>		
Analysis of the Function:			
1	<p>Number and cost to employer of all economic development personnel:</p> <ul style="list-style-type: none"> - Professional (Directors / Managers) - Non-professional (Clerical / Administrative) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1</p> <p>4</p> <p>0</p> <p>0</p>	<p><i>R (000s)</i></p>
2	<p>Detail and cost of incentives for business investment:</p> <p>Note: list incentives by project, with total actual cost to municipality for year</p>	NONE	<i>R (000s)</i>
3	<p>Detail and cost of other urban renewal strategies:</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	NONE	<i>R (000s)</i>
4	<p>Detail and cost of other rural development strategies:</p> <p>Note: list strategies by project, with total actual cost to municipality for year</p>	NONE	<i>R (000s)</i>
5	<p>Number of people employed through job creation schemes:</p> <ul style="list-style-type: none"> - Short-term employment - Long-term employment <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>	<p>576</p> <p>11</p>	
6	<p>Number and cost to employer of all Building Inspectors employed:</p> <ul style="list-style-type: none"> - Number of Building Inspectors - Temporary - Contract <p>Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary</p>	<p>1</p>	<i>R (000s)</i>

	package		
6	Details of building plans: - Number of building plans approved - Value of building plans approved	278	
Reporting Level	Detail	Total	

THE KEY PERFORMANCE AREAS FOR THE DEPARTMENT IN 2007/8 WERE

1. Sustainability of Non-Core Assets
2. Tourism Development
3. Youth Development
4. Support to Emerging Farmers
5. SMME Development & Support

LOCAL ECONOMIC DEVELOPMENT PERFORMANCE

Key Objectives	Project	Key Performance Indicators	Target/Date of completion	Performance status on date	Reason for deviation
1. increase financial sustainability	1. Cradock Spa	Documented competitive action plan	100 % by December 2007	Process is complete save for finalization of technical aspects with partner	
	2. Middelburg Caravan Park	Upgraded park	100% by June 2008	Completed end May 2008	

through prudent strategies and consideration of partnerships	3. Vusubuntu Cultural Village				
	a) Construction of chalets	Number of chalets completed	13 by April 2008	All still at foundation stage,	delays due to Coega the implementing agent and funder DEAT
	b) Renovation of existing structures	Complete renovation	March 2008	Not yet done	
c) Strategy for utilisation of facilities at Vusubuntu	Documented strategy in place	May 2008	Still in process of development	An initial workshop to this effect was turned into a report back meeting by DEAT	

2. Enhance and diversify tourism potential of the area	1. Information centre	Information centre	June 2008	Still at foundation stage	delays due to Coega the implementing agent
	2.) Local Tourism organization	An established LTO Inclusive of all communities	March 2008	Established and registered	
	3.) Tourism Sector plan	Tourism sector plan document adopted by council	100 % by January 2008	Adopted by council	
	4.) Upgrading tourists sites	Upgrading Complete	Upgrading complete by March 2008	Old water mill and trim park upgraded the rest not yet started	Depends on the implementing agent programme and availability of funds
3. Provide institutional support to youth development programmes	1. Youth Advisory centre programmes	Progress reports	Quarterly reports	Reports available	
	2) Youth empowerment	Number of young people trained	50 by June 2008	This was achieved as part of YAC programme	
4. Ensure development of emerging farmers by providing all necessary and available support and assistance	1) Capacitation	A training programme developed Progress on implementation of programme	December 2007 Quarterly reports	No programme developed	Delayed by support institution (Marlow Agricultural School and Grootfontein)
	2) Land	Amount of land made available to emerging farmers		2812Ha	

5. Creating conditions conducive for development of the local economy	1)LED Strategy	Documented strategy	June 2008	In process of being developed	The project received funding late from funders
	2)SMME development and support	Number of SMME's supported	5 by June 2008	5. Cooperatives registered through office 11 Close cooperatives assisted to register with Cipro	

Function:	Health
Sub Function:	Clinics

Reporting Level	Detail	Total	
Overview	Includes all activities associated with the provision of health		
Description of the activity:	The function for the provision of community health clinics within the municipality is administered as follows and includes: Family planning, immunizations, VCT, ARV, Geriatrics, Minor Ailments, Chronics, Primary Health Care, TB treatment, STI's, Post Natal, 8 hours per day 5 days per week. These services extend to include Primary Health care. The municipality has a mandate to deliver comprehensive Primary Health Care. Family planning, immunizations, VCT, ARV, Geriatrics, Minor Ailments, Chronics, Primary Health Care, TB treatment, STI's, Post Natal, 8 hours per day 5 days per week. To provide Primary health care service to all inhabitants of Inxuba Yethemba Municipality. Cradock and Middelburg Units The key issues for 2003/04 are: HIV/AIDS, TB, Immunisations, st'S, Home base care		
Analysis of the Function	Number and cost to employer of all health personnel: -Professional (Doctors/Specialists) -Professional (Nurses/Aides) -Para-professional (Clinic staff qualified) -Non-professional (Clinic staff unqualified) -Temporary	20 0 13 0	

	-Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	0	4 102 410
2	Number, cost of public, private clinics servicing population: -Public clinics (owned by municipality) -Private clinics (owned by private, fees based)	8 0	215723 0
3	Total annual patient head count for service provided by the municipality: -05 years and over -between 0 and 5 years -between 215 and 39 years -14 years and under Note: if no age range available, place to other	114 386 25 332 0 0	
4	Estimated backlog in number of and costs to build clinics: We are within Provincial Norm Note: total number should appear in IDP, and cost in future budgeted capital works programme		
5	Type and number of grants and subsidies received: Provincial Subsidy Note: total value of specific health clinic grants actually received during year to be recorded over the five quarters- Apr to Jun last year, Jul to Sept, Oct to Dec, Jan to Mar, Apr to Jun this year.	1	4 788 190
6	Total operating cost of health (clinic) function:		4 765 872

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview	Includes all activities associated with the provision of community and social services		
Description of the activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> -Library services, Sporting Facilities, Cemeteries, Parks, Swimming pools <p>'The key issues for 2007/08 are: Central Cemetery, well maintain sport facilities, well maintained cemeteries, well maintained parks, re-surface athletic tartan tract</p>		
Analysis of the Function	<p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> -Library services -Museums and art galleries -Other community halls/facilities -Cemeteries and crematoriums -Child care (including crèches etc) -Aged care (including aged homes, home help) -Schools -Sporting facilities/swimming pools -Parks <p>Note: the facilities figure should agree with the assets register</p>	<p>No facilities:</p> <ul style="list-style-type: none"> 6 2 7 3 14 7/2 8 	<p>No of users:</p> <ul style="list-style-type: none"> 13612 60294 60296 18 789
	2 Number and cost to employer of all personnel associated		

	with each community services function: -Library services -Museums and art galleries -Other community halls/facilities -Cemeteries and crematoriums -Child care -Aged care -Schools -Sporting facilities/swimming pools -Parks Note:total number to be calculated on full-time equivalent (fte) basis, total cost to include total salary package	14 6 8	857 727 234.257 736.321 1.566.132 3.195.974
6	Total operating cost of community and social services function	59	1 323 763

THE KEY PERFORMANCE AREAS FOR THE DEPARTMENT IN 2007/8 WERE

1. Refuse Removal
2. HIV/AIDS
3. Waste Management
4. Sport Facilities
5. Cemeteries

COMMUNITY SERVICES PERFORMANCE

Key Objectives	Project	Key Performance Indicators	Target/Date of completion	Performance status on date	Reason for deviation
1. Develop and implement a refuse removal and cleansing plan	1. Refuse removal plan and implementation	a) Removal plan b) Progress on implementation of plan	01/08/2007 Once a week	Once a week removal	
	2. Mini Dumps	a) skips per ward	2 per ward	1 per ward	No sufficient funding
	3. Refuse containers (indigent)	%indigents received	50 % by June 2008	0%	No sufficient funding
	4. Refuse bags	a) Number of bags received per month by each indigent	4 bags per month per indigent	Not uniformly implemented	Incomplete registers from finance
2. Reduction of HIV infections and dealing with effects in the community	1. Provide support to HIV/AIDS council operation	Documented support	Quarterly reports	No quarterly reports	Aids Council did not sit regularly
	2. Awareness programme	Action plan implementation	Quarterly progress reports	No reports submitted	Plans with clinics and LSA
	3. Prevention of spread	Report on interventions and statistics reveal	Quarterly progress reports		Reports and statistics with DHIS (LSA)

3. To ensure an environment with clean well kept natural open spaces and maintained build environment	1. Middelburg recycling project	a) Progress on work done	Quarterly reports		Sporadic reports to municipality by the project
	2. Parks and gardens	b) Maintenance plan implementation	Monthly reports on maintenance	Monthly reports in committee meetings	
	3. solid waste disposal site	c) Compliance with regulations and reduction in number of complaints about accessibility	Monthly reports on state of sites Full compliance with regulations by June	Sites cleaned regularly	Non compliance is because there are no funds for scoping report
	4. Urban greening	d) Number of trees planted and new parks established		3 parks in Cradock 2 parks in Middelburg 50 trees planted in Cradock 100 trees planted in Middelburg	
4. Ensure sport facilities are accessible and properly maintained	1. Policy implementation on utilization	a) Complaints on deviation from policy	None	No complaints received	
	2. maintenance plan	b) maintenance plan progress	Monthly reports	No report	
	3. stock taking of clubs utilizing buildings and their contracts	c) report	November 2007		
5. Ensure cemeteries are properly maintained	Maintenance of cemeteries	Maintenance plan implementation Reduction in number of complaints	October 2007 for plan Monthly report on implementation	Plan forms part of parks plan. All cemeteries were sprayed with a herbicide	

Function:	Housing
Sub Function:	N/A

Reporting Level	Detail	Total	
Overview			
Activity:	Function of provision of housing: <ul style="list-style-type: none"> • Provision of low cost housing • Renting of municipal flats 		
	Mandate: *Supply low cost housing		
	Strategic Objectives: * Adminstrate the provision of low cost housing		
	Key issues for 2007/2008: *To supply 1000 low cost houses		
1.	Number and cost of all personnel associated with provision of municipal housing: *Professionals *Field (Supervisors) *Office (Administrating) Non Professional (Outside workforce) *Temporary *Contract	Developer Developer 4 0 0 0	Developer Developer 798 000 0 0 0
2	Number and total value of housing projects planned and current: 2007/8 2008/9	1470 986	
3	Total type, number and value of housing provided: * low cost housing	NONE in financial year	
4	Total number and value of rent received from municipal owned		

	rental units: * Info received from Finance Department		179 000
5	Estimated backlog in number of (and costs to build) housing: <ul style="list-style-type: none"> • 2007/8 = • 2008/9 	1 470 986	
6	Type of habitat breakdown: <ul style="list-style-type: none"> • Informal shacks basically non existent in Urban Rea • Rural/Urban (½ % 		
7	Type and number of grants and subsidies received:	NONE	

Function: Waste Management			
Sub Function: Solid Waste			
Reporting Level	Detail	Total	
Overview	Includes refuse removal, solid waste disposal and land fill, street cleaning and recycling		
Description of the activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p>The removal of household and business refuse industrial waste and medical waste at least one a week to all inhabitants, street sweeping of the central business zone and peripheries on a daily basis. This also includes the management of solid waste disposal side.</p> <p>These services include the urban areas, but do not take account of resident which resides within the rural areas of the municipality. The municipality has a mandate to:</p> <p>Provide services to all its inhabitants</p> <p>The strategic objectives of this function are to:</p> <p>Ensuring a clean environment, well kept natural open spaces, maintain build environment.</p> <p>The key issues for 2004/5 are: Fleet Management, Permitted solid waste sites, recycling, urban greening, proper refuse containers, waste minimization, integrated waste management plan.</p>		
Analysis of the			

<p>Function</p> <p>1</p>	<p>Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> -Professional (Engineers/Consultants, Environmental Health Practitioners) -Field (Supervisors/Foremen) 2 -Office (Clerical/Administration) 3 -Non-professional (blue collar, outside workforce) 35 -Temporary 0 -Contract 0 <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		<p>4 790 536</p>
<p>2</p>	<p>Number of households receiving regular refuse removal services, and frequency and cost of service:</p> <ul style="list-style-type: none"> -Removed by municipality at least once a week -Removed by municipality less often -Communal refuse dump used -Own refuse dump -No rubbish disposal <p>Note if other intervals of services are available, please provide details</p>	<p>16 004</p>	<p>468 036</p>
<p>3</p>	<p>Total and projected tonnage of all refuse disposed:</p> <ul style="list-style-type: none"> -Domestic/Commercial -Garden (cubic meter) <p>Note: Provide total tonnage for current and future years activity</p>	<p>5 040 tons per year</p>	
<p>4</p>	<p>Total number, capacity and life expectancy of refuse disposal sites:</p> <ul style="list-style-type: none"> -domestic/commercial (2) -garden (number) <p>Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period</p>	<p>5.5 ha capacity</p>	
<p>5</p>	<p>Anticipated expansion of</p>		

	<p>refuse removal service: -domestic/commercial -garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>	5.5 hectares	
6	<p>Free basic service provision: -quantity (number of households affected) -Quantum (value to each household) Note: provide details of how many households receive the FBS provision, and the average value it means per household, Describe in detail the level of Free Basic services provided</p>	8014	
7	Total operating cost of solid waste management function		4 791 004

Function: Waste water Management			
Sub Function: Sewerage etc			
Reporting Level	Detail	Total	
Overview	Inxuba Yethemba collect waterborne sewerage via bulk sewer & street collections & treat the raw sewerage at two treatment plants in both Cradock & Middelburg		
Description of the activity:	The sewerage functions of the municipality are administered as follows and include: *Maintenance of: Sewer Network, Pump Stations *Installation of: Sewer lines *Treatment of: All waste Water		
	Strategic Objectives of this function are to: Ensure that waste water is collected and treated according to law		
Analysis of the Function	<p>Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> -Professional (Environmental Health Practitioners) 2 -Field (Supervisors/Foremen) 4 -Office (Clerical/Administration) 2 -Non-professional (blue collar, outside workforce) 23 -Temporary 0 -Contract 0 <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		5 138 787
2	Number of households with sewerage services, and type		

	and cost of service: *Flush toilet(connected to sewerage system) *Flush toilet (with septic tank) *Chemical toilet *Pit latrine with ventilation *Pit latrine without ventilation *Bucket latrine No toilet provision Note: if other types of services are available, please provide details	13 048 159 0 7 0 220 0	543.964
3	Anticipated expansion of sewerage: *Flush/chemical toilet *Pit latrine *Bucket latrine *No toilet provision Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	220 0 0 0 220	2 024 000 2 024 000
4	Free Basic Service Provision: *Quantity (number of households affected) *Quantum (value to each household)	8 014	
5	Total operating cost of sewerage function:		2 895 002

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail		Total
Overview	Includes all activities associated with the provision of a public bus service to the community		
Activity:	A) Maintenance: Surfaced Roads: *Pothole repairs *Surface repairs *Re-sealing Gravel Roads: *Grading of roads		

	<p>*Surface repairs by backfilling-Compacting</p> <p>B) New construction:</p> <p>*Construct new Roads</p> <p>*Surfacing of existing gravel roads with bitumen layers</p>		
	<p>Mandate:</p> <p>*Municipal roads (LM)</p>		
	<p>Strategic Objectives:</p> <p>*To ensure that 15 % of major arterial roads are tarred, graded and provided with an effective storm water system by 2007. To maintain existing roads and storm water infrastructure to acceptable levels</p>		
	<p>Key issues for 2007/2008:</p> <p>*Reseal surfaced roads in Cradock and repair gravel roads in Lingelihle & Michausdal</p>		
Analysis of the function:			
1	<p>Cost to Employer:</p> <p>*Professional</p> <p>*Supervisors</p> <p>*Office</p> <p>*Non Professional</p> <p>*Temporary</p> <p>*Contract</p>	<p>3</p> <p>4</p> <p>1</p> <p>37</p> <p>7</p> <p>0</p>	2 895 002
2	<p>Road Projects Planned & Current:</p> <p>*New bituminized</p> <p>*Existing re-tarred</p> <p>*New gravel</p> <p>*Existing re-sheeted</p>	<p>0.9km</p> <p>0</p> <p>0</p> <p>11.9</p>	<p>1 600 000</p> <p>560 000</p>
3	<p>Total kilometers & maintenance cost associated with existing roads provided:</p> <p>*Tar</p> <p>*Gravel</p>		
4	<p>Average frequency and cost of re-tarring, re-sheeting roads</p> <p>*Tar Biannual</p> <p>Reseal</p> <p>*Gravel Bi-annual</p> <p>*Stormwater Bi-annual</p>	<p>75.86km</p> <p>58.04km</p> <p>39.75km</p> <p>9.77</p>	<p>120 558 353</p> <p>14 531 301</p> <p>14 826 400</p> <p>21 678 300</p>

5	<p>Estimated backlog in number of roads:</p> <ul style="list-style-type: none"> • Tar can only be determined from 2005 from Road maintenance system • Gravel- can only be determined by 2005 from road maintenance system 	<p>9.8km</p> <p>19.5</p>	<p>15 574 326</p> <p>7 273 132</p>
6	<p>Type & number of grants & subsidies received:</p> <p>* 1 x CMIP</p>	1	1 600 000
7	Total operating cost:		2 497 581

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	
Overview	Inxuba Yethemba purchase bulk raw water from the Fish River Scheme for Cradock, treat the water & distribute it to Middelburg. The water is pumped from boreholes & distributed to the consumers		
Activity: Water Distribution	<p>Purchase and Distribution Functions:</p> <ul style="list-style-type: none"> • Purchase of water (DWAF) • Abstraction of water (Boreholes) • Treatment of water • Distribution of water (Pipe lines) • Final yard connections 		

		and standpipes					
		Mandate to:					
		<ul style="list-style-type: none"> Water Service Provider (LM) Water services Authority (DM) 					
		Strategic Objectives:					
		<ul style="list-style-type: none"> Ensure a continuous in the yard supply of potable water to each household by 2007 Ensure free basic service to the community 					
	1	Cost to employer:					
		<ul style="list-style-type: none"> Professionals Field (Supervisors) Office (Administrating) Non Professional (Outside workforce) Temporary Contract 				5 4 2 23 0 0	75 000 495 000 15 000 76 000 0 0
		Note: Total number to be calculated on full-time equivalent basis, total cost to include total salary package					5 138 787.50
	Percentage of total water usage per month:	Cradock	Middelburg	Total	%		
	Jul-07	318275	119371	437646	7.25		
	Aug-07	358662	113912	472574	7.83		
	Sep-07	396368	117111	513479	8.51		
	Oct -07	404794	127301	532095	8.82		
	Nov -07	391848	141993	533841	8.85		
	Dec-07	391976	179276	571252	9.47		
	Jan-08	408572	203814	612386	10.15		
	Feb-08	366644	148121	514765	8.53		
	Mar-08	381332	140219	521551	8.64		
	Apr-08	344857	120219	465076	7.71		
	May-08	365820	112931	478751	7.93		
	June-08	268108	113732	381840	6.33		
	TOTAL	4 97256	1 638 000	6 035256	100		
3	Total volume and cost of bulk water purchase:					KI 6 035 256	R 731 233.15
4	Bulk water sales:					0	0
5	Year to date – water losses:					23%	

Reporting Level	Detail	Total
Overview		
6. Activity:	Water services, type and cost:	
	<ul style="list-style-type: none"> pipied water inside 	10 145

	<ul style="list-style-type: none"> dwelling • Piped water inside yard • Piped water on community stand: distance 200m from dwelling • Piped water on community stand: more than distance 200m from dwelling • Boreholes • Spring • Rain-water tank 	<p>4 475</p> <p>85</p> <p>21</p> <p>13</p> <p>0</p> <p>0</p>	
7.	Number and cost of new connections	0	0
8.	Number and cost of disconnections and reconnections	3 184	121 819
9.	Water projects planned and current: *Drought relief for Middelburg *Repair Cradock Water treat plant storage reservoir (Severely cracked) *Rosmead water supply *Mortimer water supply *Lingelihle Water supply network *Michausdal Bulk water supply TOTAL		<p>6 500 000</p> <p>2 400 000</p> <p>8 255 000</p> <p>1 103 000</p> <p>2 750 000</p> <p>3 300 000</p> <p>24 408 000</p>
10	Anticipated expansion of water service: Rosmead VIP's	220	1 540 000
11.	Backlog in water connection: 107 below level of service		
12.	Free Basic service provision: * Quantity (Households) * quantum per year *6kl per household of free water (2kl x R2.00 x 12months)	<p>8014</p> <p>160.00</p>	
13	Type and number of grants and subsidies received:	NONE	0
14.	Total operating cost of water distribution function:		4 838 473

Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total
Overview	The Inxuba Yethemba Municipality distributes electric supply to the municipal area comprising Cradock and Middelburg. Electricity is purchased in bulk from Eskom and distributed to the consumers through the municipal distribution infrastructure and network	
Description of Activity:	<p>The electricity purchase and distribution functions of the municipality are administrated as follows and include:</p> <ul style="list-style-type: none"> *Bulk purchase of electric supply from Eskom *Distribution of electricity to consumers in Cradock & Middelburg municipal areas Maintaining & operating the electric supply infrastructure consisting of substations, switchgears & overhead & underground power lines *Management of the pre-paid Electric Supply Payment system *Taking measures to prevent theft & pilferage of energy *Maintaining liaison with Government Agencies like NER, DME & complying with the requirements of electric supply distribution license. *Implementation of projects for providing electric supply to houses constructed under RDP. <p>The municipality has a</p>	

	<p>mandate to: Distribute electric supply at Cradock Urban areas, and to some extent rural areas (excluding Lingelihle), as well as Middelburg as per distribution license issued by NER. Distribution of electricity at Lingelihle is the responsibility of Eskom</p> <p>The strategic objectives of this function are to: To ensure service delivery to the community in an efficient and economical way utilizing the resources in an optimum manner.</p> <p>The key issues for 2007/2008 involves: *Bulk supply to Cradock Industrial area *Middelburg transformer</p>	<p>1 122 000 4 000 000</p>
<p>Analysis of the Function:</p>	<p>Number & cost to employer of all personnel associated with the electricity distribution function: *Professional (Engineers/Consultants) 2 *Field (Supervisors/Foremen*Office (Clerical/Administration) 6 *Non Professional (blue collar, outside workforce) 2 *Temporary 11 *Contract 2 0</p> <p>Note: Total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	
	<p>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer:</p> <ul style="list-style-type: none"> • Residential • Commercial • Industrial • Agriculture • Other 	

	Total:64 505 474kwh	14 396 863
	<p>Note: IT and electrical infrastructure cannot provide the break down as required. Total quantity & receipts for bulk electricity sales in kilowatt hours and Rand, by category of consumer:</p> <ul style="list-style-type: none"> • Residential • Commercial • Industrial • Agriculture • Other <p style="padding-left: 40px;">Total: 53.498.053</p> <p>Total year-to date electricity losses in kilowatt hours and rand: Total : 7.85.925</p> <p>Number of households with electricity access, and type and cost of service:</p> <p>*Electrified areas</p> <p>*Municipal – 9 105</p> <p>*Eskom – 5 204</p> <p>*Alternative energy source</p> <p>*Gas- Limited use</p> <p>*Paraffin – Approximately half the community</p> <p>*Wood- Approximately half the community</p> <p>*Non electrified – 60</p> <p>Note: If other types of services are available, please provide details</p> <p>Number and total value of electrification projects planned and current:</p> <p>*Current(financial year after year reported on) – connections 628</p> <p>*Planned (future years)-connections 619</p>	<p>58675825</p> <p>8678295kwh</p>

Function:	Electricity
Sub Function:	Street Lighting

Reporting Level	Detail	Total
Overview	Public lighting of areas in Cradock, Michausdal, Lingelihle and Middelburg, Kwanonzame, Lusaka and Midros.	
Description of Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <ul style="list-style-type: none"> *Public lighting of streets *Maintenance of street light fittings and fixtures <p>These services extend to include Cradock (Cradock ton, Michausdal and Lingelihle) and Middelburg (Middelburg town, Kwanonzame, Midros, Lusaka)</p> <p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> *Provide public lighting in Cradock and Middelburg municipal areas <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> *Ensure proper public lighting for ensuring safety and security 	
Analysis of the function:	<p>Number & total operating cost of streetlights servicing population: Note: Total streetlights should be available from municipal inventory.</p> <p>Total bulk kilowatt hours consumed for street lighting:</p> <p>Note: Total number of kilowatt hours consumed by all street</p>	<p>2229</p> <p>656699Kwh</p>

	lighting for year	
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THE KEY PERFORMANCE AREAS FOR THE DEPARTMENT IN 2007/8 WERE

1. Roads
2. Water Supply
3. Loss control
4. Electricity Supply
5. Infrastructure Development and Investment Programme

TECHNICAL SERVICES PERFORMANCE

Key Objectives	Project	Key Performance Indicators	Target/Date of completion	Performance status on date	Reason for deviation
1. Upgrade and maintenance of gravel and surfaced roads	1) Lingelihle roads construction	% completion of identified roads	100 % by June 2008	100 %	
	2) Sikulu street completion	% completion of Sikulu	100 %	0 %	CHDM did not provide committed funding
	3) Midros roads construction	% completion of identified roads	100 % by June 2008	100 % by May 2008	

	4) Road maintenance in Lingelihle, Michausdal, Kwanonzame, Midros	% completion of identified roads	100 % by June 2008	35.9%	Target was revised to 25% because funds were transferred late by CHDM
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2. Ensure continuous and sustainable water supply	1) Drought relief	Obtain hydro-census Report and implement its recommendations	100 % implementation on by may 2008	0 %	No results could be found from DWAF
	2) Repair Cradock Reservoir	Repaired Reservoir	Completely resealed by April 2008	0 %	CHDM did not provide committed funding
	3) Rosmead water supply			0 %	CHDM did not provide committed funding
3. Ensure a reduction in reticulation losses	1) Water losses control	% reduction	5 % by may 2008	5 %	
	2) Electricity losses control	% reduction	5 % by May 2008	5 %	
4. To ensure adequate supply of electricity in line with increasing demand	1) Status Quo	Report on current status	Complete by March 2008	100 %	
	2) Source funding	Funding proposal submitted	April 2008	100 %	

5. Develop and implement an infrastructure and development model where there is a dynamic relationship between population growth projections, service delivery backlogs, revenue generation and institutional capacity	Infrastructure development and investment programme	Documented plan	Complete by March 2008	0 %	Funding application not approved
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