

TSOLWANA MUNICIPALITY



ANNUAL REPORT 2007 – 2008

Index

CHAPTER 1

1. INTRODUCTION & OVERVIEW

1.1(a)	Foreword by Mayor:	P 5-6
1.1(b)	Statement by Municipal Manager	P 6-7
1.2(a)	Overview of the municipality:	P 7-8
1.2(b)	Socio Economic Context	P 8 - 11
©	Major Events of the Year	P 11-13
1.3	Executive summary	
1.	Institutional Development	P 13
2.	Social Development	P 13
3.	Physical Infrastructure	P 13
4.	Economic Development	P 13

CHAPTER 2

2. SERVICE DELIVER PERFORMANCE

2.1	Water Service	14-15
2.2	Electricity Services	15-16
2.3	Sanitation	16-17
2.4	Road maintenance	18
2.5	Waste Management	19-20
2.6	Housing & Town Planning	20-23

2.7	Overall Service Delivery Backlog	24-25
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CHAPTER 3

3. HUMAN RESOURCES & OTHER ORGANISATION MANAGEMENT

3.1	Organogram	26-30
3.2	Staff Development initiatives	31
3.3	Key HR Stats per functional area	31-39
3.4	Senior official wages & Benefits	39
3.5	Annual performance as per KPI in Municipal transformation & organisational development	39-41
3.6	Major challenges & remedial action in respect of Human Resources & organisational Management	42-43
3.6.1	Relations between management, Council & Staff	
3.6.2	shortage of staff & office space	
3.6.3	Prolonged Job Evaluation Process	
3.6.4	Skills shortage	

CHAPTER 4

4.1	Audited AFS	44
4.2	Budget to actual comparison	44-45
4.3	Grants & Transfers	46

4.4	Meeting of donors requirement for conditional grants	46
4.5	Municipality's long term contracts	46
4.7	Annual performance as per Key Performance Indicators in Financial viability	46-47
4.8	The Auditor General's Report	48-59

CHAPTER 5

5	GENERAL INFORMATION	60
5.2	Executive & Council functions performance	61-64
5.3	Finance & Administration Function's performance	65-68
5.4	Planning & Development functions performance	69-71
5.5	Community and Social Services Functions Performance	71-72
5.6	Housing functions performance	73-74
5.7	Waste Management's function's performance	74-77
5.8	Road maintenance functions performance	78-79
5.9	Water distribution functions performance	79-81
5.10	Electricity distribution	81-82

Chapter 1: Introduction and Overview

1.1 Foreword by the Mayor

This annual report is an account of the Tsolwana municipality's achievements in the year under review and with any rigorous instruments it does not hesitate in pointing out where the municipality has fallen short.

Section 46 of the Local Government: Municipal Systems Act read in conjunction with section 72(1)(iii) of the Municipal Finance Management, demands that each municipality must for each financial year, prepare an annual performance report. It is based on the above pieces of legislation that present before you the 2007 – 2008 annual report.

Our main objective as Tsolwana municipality has always been to provide quality services to all our communities. In doing that we are guided by our Integrated Development Plan which focuses among other things provision of free basic services to the poor households, eradication of poverty, and provision and maintenance of recreational facilities to our young people.

Our IDP reflects a number of priorities. Through the review process over the last three (3) years, priorities such as infrastructure provision, water and sanitation provision eradication of bucket system and local economic development have been consistently identified.

As the Tsolwana Local Council, we place emphasis on the communities we serve and through a number of policies and programmes like the Integrated Development Plan, the Spatial Development Framework, the Housing Sector Plan and the Tourism Sector plan, we are hoping to better our people's lives by creating employment opportunities through tourism, agriculture and the creation of an enabling environment to encourage local economic growth and development.

In conclusion, may I thank my fellow councillors for their support and commitment to council business, the Municipal Manager and his staff for the commitment and willingness to improve in all that they are doing and the ward committees and the members of the public for always being there for us

M Bennett

Mayor

b) Statement by the Municipal Manager

As required by both the Local Government: Municipal Systems Act and the Local Government: Municipal Finance Management Act, the 2007 – 2008 annual report is hereby published for the attention of the members of the public.

The two pieces of legislation mentioned here above and the other laws that govern local government has brought about considerable change to local government . one such change is the implementation of performance management regulations and guidelines which require municipalities to report progress in specific areas which include among other things accounting on utilization of public funds.

This report highlights performance and financial management for the year ending 30th June 2008. It also forms part of a circle of ongoing planning, monitoring and evaluation that begins with the formulation and annual review of the IDP which ideally reflects the shared views of all our citizens.

Over the past few years, we have been witnessing a steady improvement in the quality of our performance reporting as the performance management becomes entrenched at top management level. The managers are now beginning to see how the identification of key performance indicator and tracking thereof can assist service delivery. What needs really to be done is the involvement of all levels of our personnel into our performance

management system as that will improve our service delivery initiatives.

As the Accounting Officer, I would like to express my sincere appreciation to the following:

- The Mayor and council for the support, understanding, political guidance and leadership throughout the year;
- The management and staff for their unequivocal support,
- The community for understanding, patience and participation in municipal affairs especially the IDP development process

Similo Dayi

Municipal Manager

1.2 Overview of the Municipality

a) Geographic and demographic profile

Tsolwana Municipality is situated within Chris Hani District Municipality (CHDM) of Eastern Cape Province. It is bounded on the east by Inkwanca and Lukhanji Municipalities, on the west by Inxuba Yethemba Municipality, on the north by Ukhahlamba District Municipality and on the south by Amathole District Municipality. Tsolwana Municipality is an amalgamation of the following areas.

- Former Tarkastad TLC and TRC (Republic of South Africa)
- Former Hofmeyr TLC and TRC (Republic of South Africa)
- Former Ntabethemba TRC (Republic of Ciskei)

Tsolwana Municipality has two main urban nodes, Tarkastad and Hofmeyr, which are surrounded by commercial farmland in the former Tarkastad and Hofmeyr areas and about 11 rural villages scattered within the former Ntabethemba area, including Thornhill, Mitford, Rocklands, Tendergate, etc). Tarkastad, the Municipal seat, is located along the Queenstown and Cradock R61 road. It is roughly 64km from Queenstown and 81km from

Cradock. From the two major airports in the province, Tarkastad is 365km from Port Elizabeth and 257 from East London.

Tsolwana Municipality has an estimated population of 32 511 (Census 2001) and covers approximately 6 087 km², given an average population density of 5.4 persons per km². This population figure represent 4% of the total population of Chris Hani District Municipality of 810 243 (Census 2001). In terms of areas, it covers about 16.4% of the total land space of CHDM (See Table 1).

Table 1: Density

Municipality	Population	Area (Km ²)	Density (People/Km ²)
Tsolwana	32 511	6 029.30	5.4
Chris Hani District Municipality	810 243	36 790.60	22.0
Percentage Ratio	4.01	16.4	

Source: Statistics SA census, 2001

b) Socio-economic Context

Employment status of potential labour force

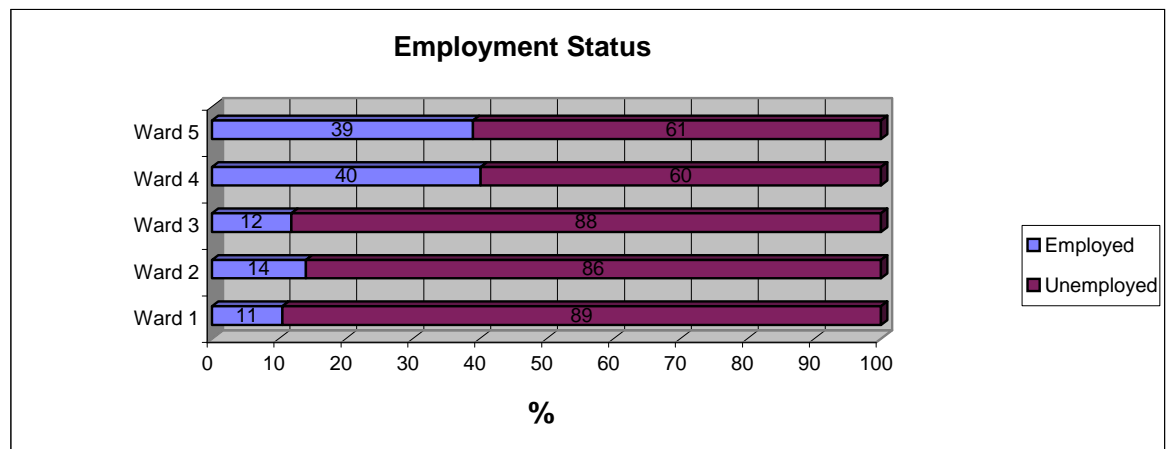
The employment situation in the area reflects that 25% of the population of the potential labour force in the study area is employed, whilst 75% is unemployed as can be seen in TABLE 1. A detailed breakdown is indicated in the table below. It can be seen that Ward 4 (Tarkastad) and Ward 5 (Hofmeyr) are areas with high number of households in employment. The rural villages display the highest number of unemployed households.

Table 2: Employment status

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Total	
Status							

							%				
	No	%	No	%	No	%	No	%	No		
Employed	299	11	322	14	303	11.8	1456	40.1	1066	39	3446
Unemployed	2540	89	1973	85.9	2248	88.1	2167	59.8	1667	61	10595
Total	2839	100	2295	100	2551	100	3623	100	2733		14041

Statistics SA census, 2001



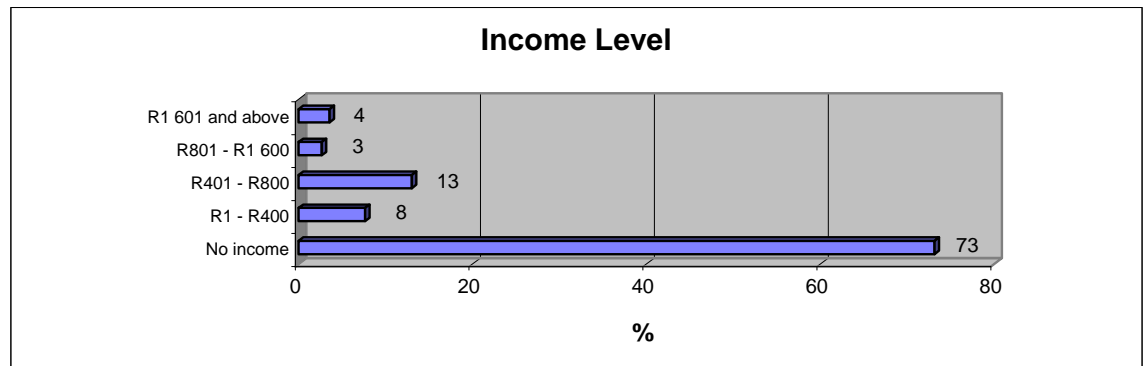
Income Levels

From Table 3 below, demonstrates that about 96% of the population earns below R 1 600 per month. Only 4% earn more than R 1 600 per month. Also from the above, 75% of the population are unemployed while 25% are employed, the figures not including the economically inactive (Below 15years and above 65years). **It can therefore be deduced that the high level of unemployment, coupled by the low income level might be responsible for the high poverty rate, which in turn will affect affordability levels in the area.**

Table 3: Monthly Household Income

Income	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Total
	%	%	%	%	%	
No income	83.0	76.0	79.0	64.0	61.0	73.0
R1 - R400	3.0	4.0	5.0	10.0	19.0	8.0
R401 - R800	11.0	12.0	12.0	16.0	14.0	13.0
R801 - R1 600	1.0	5.0	2.0	4.0	1.0	3.0
R1 601 and above	2.0	3.0	2.0	6.0	5.0	4.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Statistics SA census, 2001



Economic Sectors

Formal Employment

Of the employed households, 46% are in the primary activities (farming and mining), 9% in the secondary sector (manufacturing, utility services and construction) and 45% are in the tertiary sector. It should be indicated that there is a complete lack of secondary industries in the area and the tertiary sector of the economy is dominated by high levels of employment in social and service activities, with most jobs associated with state – owned employment.

There is brick-making activity taking place in the area which is regarded as source of income for brick-makers. This industry needs to be regularised as it exists without close monitoring. The department of Minerals and Energy Affairs needs to be engaged in this regard.

C) **Major Events of the year**

- The establishment of the Intergovernmental Relations Forum which seeks to ensure that there is coherence between local government and other spheres of government especially in as far as the IDP development is concerned.
- Completion of the Certificate Programme in Municipal Finance by the Municipal Manager, CFO, Corporate Services Manager, Technical Services Manager, Community Services Manager, Clr responsible for finance and administration, Income and Expenditure Accountants in one Financial year. This course is a requirement for all officials that participate in Supply Chain and Municipal Finance Management. During the same year the Mayor completed a Local Government Management Course.
- Computerization of the accounting system which has improved financial reporting.
- Submission of the Annual Financial Statements was on time after being table before the Audit Committee for the first time;
- GAP/GAMAP compliant asset register which is computerized.
- Funding for Tendergate Irrigation Scheme to the amount of R2.5. 106 individuals benefited.
- Funding for Mitrock Irrigation Scheme to the amount of R800.00.

- Clean-up campaign in Tarkastad and Hofmeyr in which 300 employment opportunities were created for six (6) months;
- Household Contractor Programme in which indigent households were engaged to assist with minor roads repair such as fixing of potholes, storm drains and grass cutting. This is a poverty alleviation programme

1.3 Executive Summary

The strategic priorities for the Tsolwana local municipality are outlined in its Integrated Development Plan which is reviewed annually and substantially revised every five years. The Integrated Development Plan (IDP) is a core document against which the municipality's performance is measured.

The 2007 – 2008 IDP establishes the following vision for the municipality:

- To provide basic services to the communities of Tsolwana with emphasis on economic growth, rural development and agricultural sustainability - this is to be done by ensuring good governance that is based on democratic and transparent values for the development of Tsolwana local communities.

Core Strategic Themes

1. Institutional Development

Goal: to create an effective and efficient administration

Strategies

- Formulate clear municipal policies, effective financial management and control systems;
- Revise the organogram to ensure that it responds to the needs of the municipality and its communities;
- Ensure that personnel are adequately capacitated

- Ensure that endeavours are made to populate the current organogram;
- Implement the performance management system;

2. **Social Development**

Goal: to provide adequate services and infrastructure to all communities of Tsolwana

- To ensure that equitable municipal services, including free basic services, are extended to all communities of Tsolwana;
- Facilitate development and maintenance of social facilities, including community halls, schools and clinics;
- Liaise with sector departments with the aim of ensuring that the above occurs.

3. **Physical Infrastructure**

Goal: develop and maintain adequate infrastructure

- Raise funding;
- Upgrade and maintain the municipal road network;
- Facilitate access to: sanitation, water, electricity, healthcare etc.

4. **Economic development**

Goal: to create a conducive environment for economic growth

- Develop an economic development strategy
- Encourage development of co-operatives and an LED Forum

Chapter 2: Service delivery performance Highlights

2.1 Water services

a. Water services delivery strategy and main actors:

After a Section 78 assessment was conducted, the municipality was given a status of being a Water Services Provider where the Chris Hani District Municipality is a Water Services Authority (WSA) in terms of the above assessment. Based on the above, a service level agreement was signed between the two institutions so as to formalise the working relationships in this regard. As a Water Service Provider, the municipality has a responsibility of making sure that the communities have access to portable water. It is also worth mentioning that the municipal area has experienced a very bad drought during the year under review. This has led to many community dissatisfactions in the provision of water services. The WSA has also embarked on a drought relief programme to try to eliminate to some extent the challenges related to the provision of the water services functions.

b. Level and standards in water services:

As required by the service level agreement, the Water Service Provider must take water samples every month for water quality tests to any recognised laboratory. During the year under review, the municipality has complied with this with the assistance of the Environmental Practitioners deployed by the Chris Hani District Municipality. The results have proved positive on many instances except where there was little contamination. In this case there was a need for an increase of the dosing substances so as to be able to be in an acceptable standards with regard to water quality.

c. 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	7965	8768	91%	8768
2	Percentage of households with access to basic	5512	5380	97%	5380

	water services				
3	Percentage of indigent households with access to basic free water services	3495	3156	90%	3156
4	Percentage of clinic with access to services	8	20	40%	20
5	Percentage of schools with access to water services	11	11	100%	11
6	Percentage of households using bucket	2390	2061	86%	2061

d. Major challenges in water services and remedial actions.

The main challenge regarding the water services is the establishment of a fully fledged water services unit so as to ideally deal with the challenges facing this service.

2.2 Electricity services

a. Electricity services delivery strategy and main actors

The municipality has a distribution licence for the Tarkastad town with all its townships and the Hofmeyr town together with Twinsville township. The rest of the municipal area is being served by the ESKOM. This service is being outsourced to a local electrical contractor for day to day maintenance as required from time to time. Maintenance work that was done during the year under review also include the installation of aerial bundle conductor to replace damaged transformer. Replacing of major overhead HV cables that were damaged during a storm that affected the area. This is just but not limited to the ongoing maintenance of the dyhapilitating infrastructure including the replacement of damaged meter boxes. The municipality has also managed to repair the high mast lights so as to cab the crime in the affected areas.

b. Level and standards in Electricity services.

Tsolwana municipality is making every effort in order to conform with the standards as required ESKOM and eventually the South African Bureau of Standards.

c. Annual performance as per 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	9012	8768	97%	8768
2	Percentage of households with access to basic electricity services	7523	6131	81%	6131
3	Percentage of indigent households with access to free basic electricity services	3860	3495	91%	3495

d. Major challenges in electricity services and remedial actions.

The municipality is in the process of reviewing its organogramme that will also ensure that the electrical unit is addressed.

2.3 Sanitation

a. Sanitation services delivery strategy and main actors

After a Section 78 assessment was conducted, the municipality was given a status of being a Water Services Provider where the Chris Hani District Municipality is a Water Services Authority in terms of the above assessment. Based on the above, a service level agreement was signed between the two institutions so as to formalise the working relationships in this regard. In order to realise the national targets of eradicating buckets, the Chris Hani District Municipality has approved a number of sanitation projects. These include sanitation projects in the Ntabethemba areas, Hofmeyr bucket eradication and the Tarkastad bucket eradication projects. We may also mention that our municipality has not been able to meet the National target of December 2008 for the eradication of buckets. This was due to non-performance by the contractors appointed. This is only applicable to the Tarkastad bucket eradication project.

b. Level and standards in Sanitation services.

The municipality is trying all its level best to adhere to the required minimum standards regarding the sanitation services in the area.

c. 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	3420	2720	78%	2720
2	Percentage of indigent households with access to free basic sanitation services	935	659	70%	659
3	Percentage of clinics with access to sanitation services	11	11	100%	11
4	Percentage of schools with access to sanitation services	20	8	40%	8

d. Major challenges in Sanitation services and remedial actions.

Establishment of a fully fledged sanitation unit within the municipality. Talks to the CHDM are at an advanced stage so as to make sure that a unit is established. This also needs some political by-in as there are financial implications that are attached in the contract.

2. 4 Road maintenance

a. Road maintenance services delivery strategy and main actors.

The conditions of the roads within the municipality, especially in the Ntabethemba area, are in a state of disrepair. They are virtually inaccessible during rainy season due to lack of ongoing maintenance. Also, storm water channels are non-existent throughout the municipal area thus the roads are eroded, especially during heavy rains. About 233.7Km of internal roads within the settlements in the municipality are in appalling condition and require urgent maintenance attention.

Public transport system in the area is limited to minibus taxis that service the area on a regular basis. Private cars and bicycles are in the minority. There are no formal crossing arrangements to cater for pedestrians and animals that exist within the different settlements, especially those traverse by national and trunk roads. The Provincial department of roads and transport donated about 150 bicycles to designated pupils that travel a distance of 6km to and from school. These bicycles were delivered to various schools that met the criteria that was set by the donating department.

The department of roads and transport also launched a Household Contractor Programme to assist with minor roads repairs and maintenance. Local residents assist with minor repairs such as fixing of potholes, storm drainage, grass cutting etc. this project is seen as one way of alleviating poverty by means of job creation without compromising quality standards. The Municipal Infrastructure Grant has approved an amount of R1,551,000 for the rehabilitation of the rural access roads in wards 1 and 2, this being phase one of the MIG roads projects. It is also worth mentioning that the Council has prioritized roads for the utilisation of the big portion of the MIG in order to improve the condition of roads status.

b. Level and standards in Road maintenance services.

Currently, the municipality does not have all the necessary equipment such as graders to maintain the roads. However, every effort is made with the limited resources that the municipality has. In addition, the department of roads and transport is also playing a significant role by supporting the initiatives of the municipality in the roads maintenance.

2.5 Waste management

a. Waste management services delivery strategy and main actors

Tsolwana municipality at the moment is delivering a refuse services in all the urban areas. It is however experiencing problems with new areas that are constantly being added to the municipality service delivery area. Currently the municipality does not service the rural areas outside the urban boundaries. Other stakeholders in this program are volunteers from different local schools with their help of clean-up campaigns; Chris Hani District Municipality has been funding a clean up campaign for both urban areas within the Municipality i.e. Tarkastad and Hofmeyr. A partnership with the Department of Health and Education has been established approximately 200 temporary jobs are created every year as poverty alleviation and environmental greening exercise.

b. Level and standards in waste management services

The municipality delivers a service only in towns; the rest of rural areas do not currently receive any kind of formal refuse removal services. There is no service delivered on rural areas beyond the urban areas. Due to the relatively low income of the people, the majority of the population will fall into the lower income groups.

c. 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	2295	1950	85%	85%

2	Percentage of LM with waste management plan (for DM only)	N/A			
3	Percentage of municipal landfills in compliance with Environmental conservation Act (for DM only)	N/A			

d. Major challenges in waste management services and remedial actions

*Registration and licensing of waste disposal sites with the relevant sector is too slow.

*Staff shortage in order to maintain our waste disposal sites.

*Fleet shortage and receptacle placement.

2.6 Housing and town planning

a. Housing and town planning services delivery strategy and main actors

Housing function remains the provincial government function and municipalities are also required to incorporate their planning frameworks housing strategies and targets(housing Sector Plans) into the IDP of the Municipality. The Municipality as the partner has role to play such identifying suitable land for housing develop, identify beneficiaries and all other administrative process.The rea is characterized by diverse land use and ownership.This calls for the need to align settlement/Agriculture development and transformation with land reforms projects/claims.

b. Level and standards in Housing and town planning services

Although housing strategies and targets could have been developed as part of the IDP process as required by the Housing Act, the fact that housing has a wider impact on the socio-economic conditions of the people of Tsolwana Municipality, the Municipality felt it is correct to initiate a process which is

related to, linked with but outside the IDP process in order to give it more attention. Through housing sector plan the Municipality will achieve the objectives of housing the homeless by providing both low cost and high quality standard houses.

c. 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	1500	2634	56%	75%
2	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	7943&41%	2634	31%	71%
3	Percentage of LM with an approved Spatial Development Framework (DM only)	N/A			
4	Percentage of LM with a land use management system...	Still in progress			

d. Major challenges in housing and town planning services and remedial actions

- *Unfunded mandate because the municipality is footing the personnel bill.
- *Establishment of fully fledged unit by department housing .

Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	5645	2295	2295	-	-	-
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	71%	41%	41%	-	-	-
Spending on new infrastructure to eliminate backlogs (R000)	2223001	90377.1	90377.1	-	-	-
Spending on renewal of existing infrastructure to eliminate backlog (R000)	8892004	3,2672,208	R3,267,208	-	-	-
Total spending to eliminate backlogs (R000)	9,114,304	3,357,586	3,357,586	-	-	-
Spending on maintenance to ensure no new backlogs (R000)	9,114,304	3,357,586	3,357,586	-	-	-
Housing and town planning						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	72%	47%	47%	-	-	-
Spending on new infrastructure to eliminate backlogs (R000)	6500	29250000	-	-	-	-
Spending on renewal of existing infrastructure to eliminate backlog (R000)	6500	19500000	-	-	-	-
Spending on maintenance to ensure no new backlogs (R000)	6500	24700000	-	-	-	-

c. Annual performance as per key performance indicators in Road maintenance services

	Indicator name	Target set for the year (number of Kilometres)	Achievement level during the year (number of Kilometres)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Percentage of households without access to gravel or graded roads	233,7Km	14,6Km	16%	14,6Km
2	Percentage of road infrastructure requiring upgrade	6Km	6Km	100%	6Km
3	Percentage of planned new road infrastructure actually constructed	0Km	0Km	0%	0Km
4	Percentage of capital budget reserved for road upgrading and maintenance	10Km	3Km	33%	3Km

d. Major challenges in Roads services and remedial actions.

One of the major challenges is the classification of roads which makes it difficult for Local Municipalities to do proper budgeting.

2.7 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 (n0. HH not receiving the	9110	8768	8768	9110	8768	8768

minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	96%	75%	75%	96%	75%	75%
Spending on new infrastructure to eliminate backlogs (R000)	R25,567,099	R7,500,000	R7,500,000	R25,567,099	R7,500,000	R7,500,000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R10,226,839	R2,800,000	R2,800,000	R10,226,839	R2,800,000	R2,800,000
Total spending to eliminate backlogs (R000)	R35,793,938	R10,300,000	R10,300,000	R35,793,938	R10,300,000	R10,300,000
Spending on maintenance to ensure no new backlogs (R000)	R7,158,787	R1,030,000	R1,030,000	R7,158,787	R1,030,000	R1,030,000
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	8850	8768	8768	8850	8768	8768
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	98%	60%	60%	98%	60%	60%
Spending on new infrastructure to eliminate backlogs (R000)	R7,522,500	R3,051,000	R3,051,000	R7,522,500	R3,051,000	R3,051,000
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R1,504,500	R610,200	R610,200	R1,504,500	R610,200	R610,200
Total spending to eliminate backlogs (R000)	R9,027,000	R3,661,200	R3,661,200	R9,027,000	R3,661,200	R3,661,200
Spending on maintenance to ensure no new backlogs (R000)	R902,700	R366,120	R366,120	R902,700	R366,120	R366,120
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	7651	6978	6978	7651	6978	6978

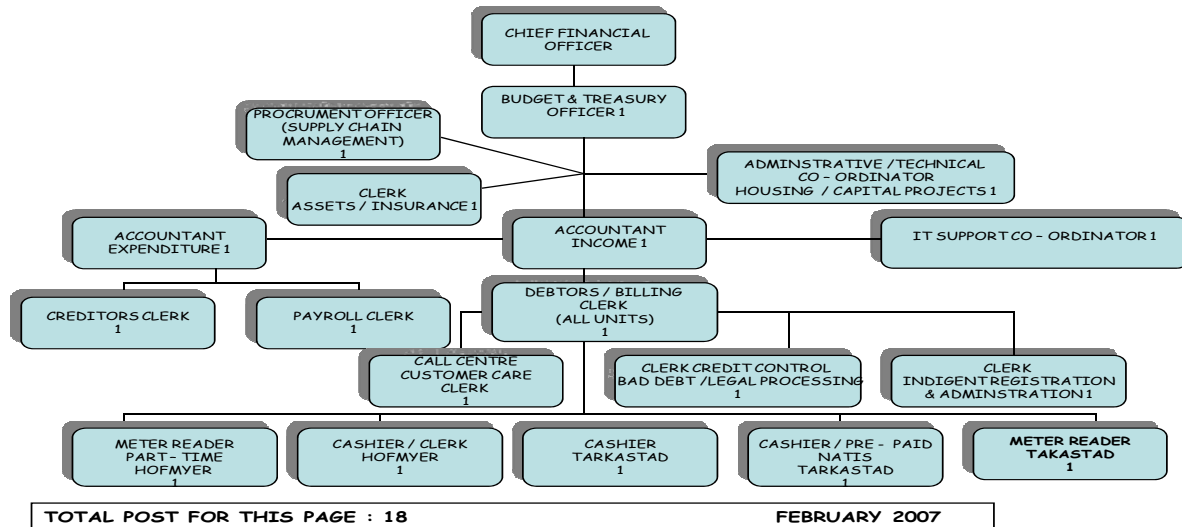
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	91%	11%	11%	91%	11%	11%
Spending on new infrastructure to eliminate backlogs (R000)	R5,478,116	R4,145,678	R4,145,678	R5,478,116	R4,145,678	R4,145,678
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R1,095,623	R829,135	R829,135	R1,095,623	R829,135	R829,135
Total spending to eliminate backlogs (R000)	R6,573,739	R4,974,813	R4,974,813	R6,573,739	R4,974,813	R4,974,813
Spending on maintenance to ensure no new backlogs (R000)	R657,373	R496,481	R496,481	R657,373	R496,481	R496,481
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	10125	426	426	10125	426	426
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality	94%	6%	6%	94%	6%	6%
Spending on new infrastructure to eliminate backlogs (R000)	R65,812,500	R1,206,500	R1,206,500	R65,812,500	R1,206,500	R1,206,500
Spending on renewal of existing infrastructure to eliminate backlog (R000)	R26,325,250	R482,600	R482,600	R26,325,250	R482,600	R482,600
Total spending to eliminate backlogs (R000)	R92,137,750	R1,689,000	R1,689,000	R92,137,750	R1,689,000	R1,689,000
Spending on maintenance to ensure no new backlogs (R000)	R9,213,775	R168,900	R168,900	R9,213,775	R168,900	R168,900

Chapter 3: Human resource and other organization management

3.1 Presentation of municipality's organisational

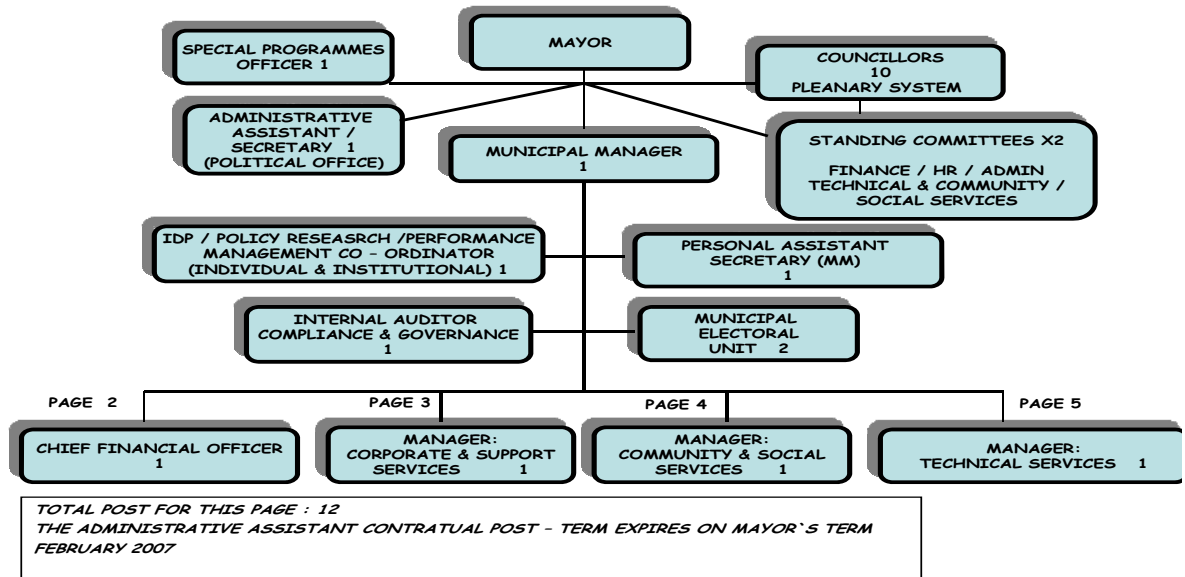
PAGE 2

ORGANISATIONAL STRUCTURE: BUDGET AND TREASURY DEPARTMENT

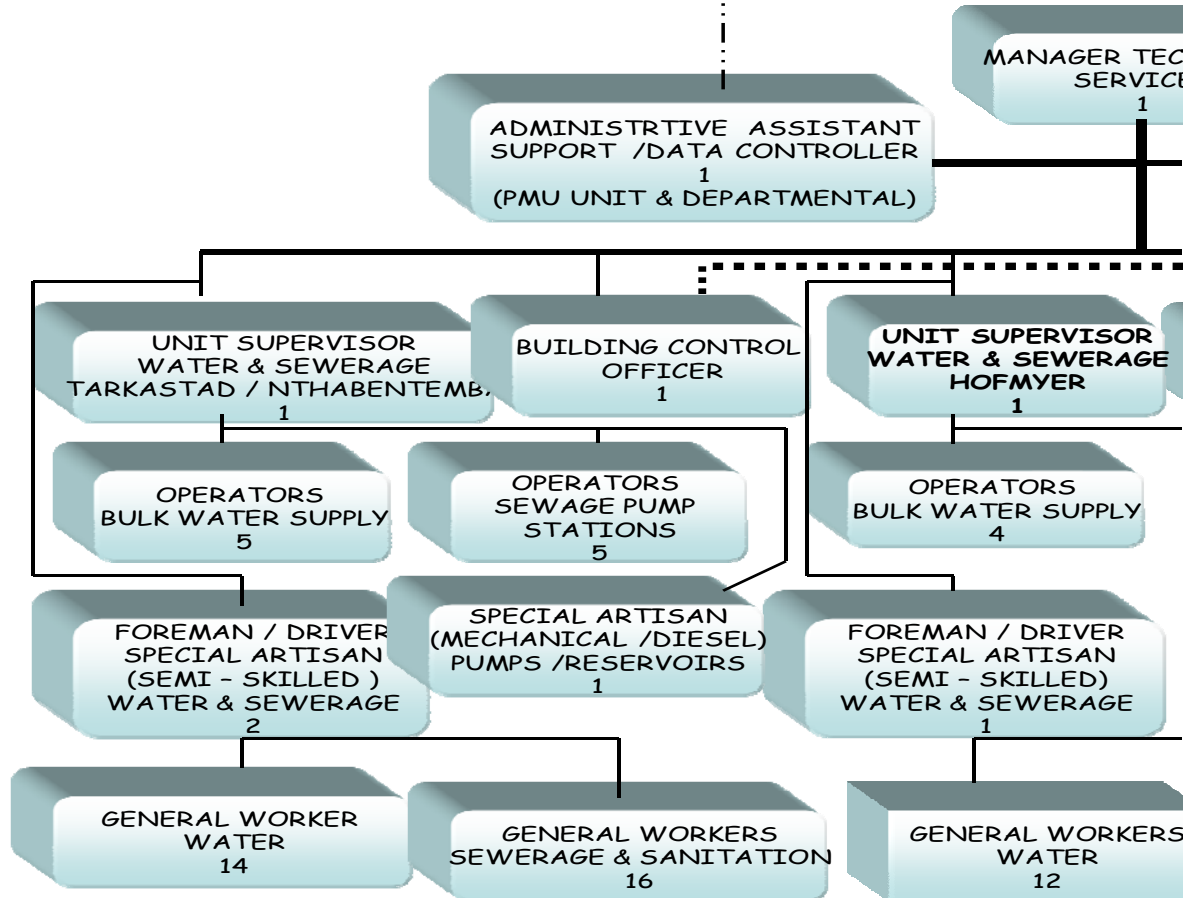


PAGE 1

ORGANISATIONAL STRUCTURE: TOP STRUCTURE



ORGANISATIONAL STRUC



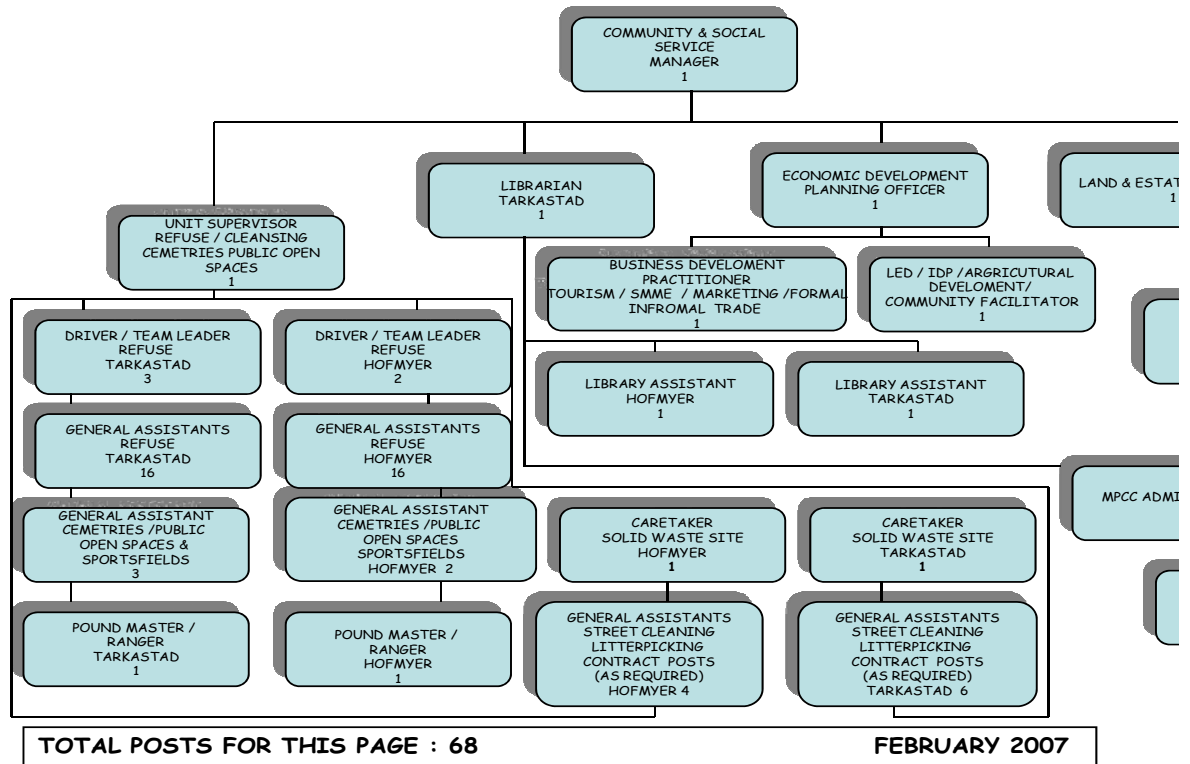
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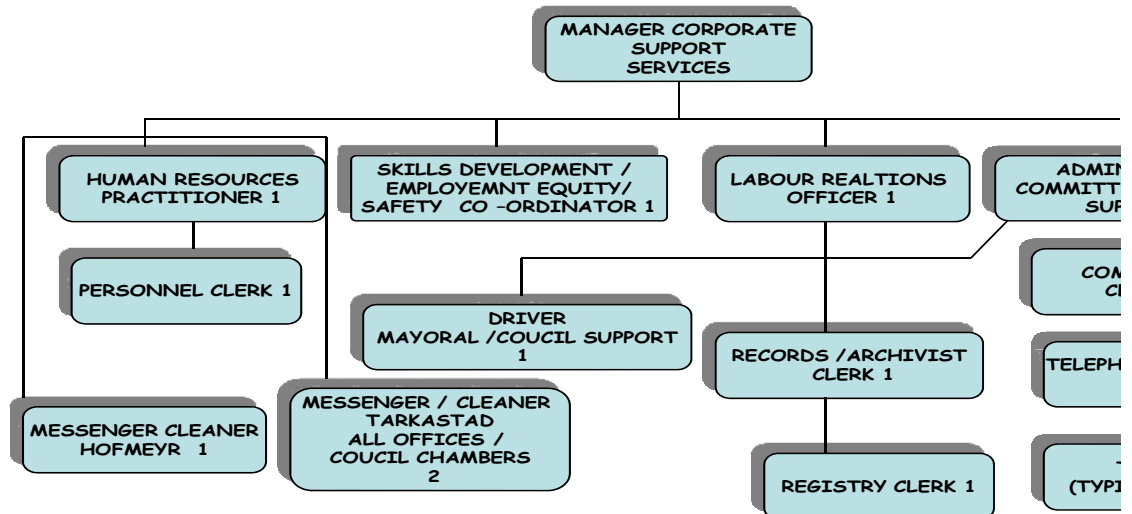
ADMINISTRATIVE ASSISTANT PROVIDES AN ADMINISTRATIVE SUPPORT TO THE DEPARTMENT AND TO THE PMU UNIT

FEBRUARY 2007

ORGANISATIONAL STRUCTURE: COMMUNITY SERV



ORGANISATIONAL STRUCTURE: CORPORATE & SUPPORT SERVICE



TOTAL NO OF POST : 15 (EXC HOD)
 TYPIST WILL FUNCTION AS TYPING POOL
 AND PROVIDE ATYPING SUPPORT FUNCTION
 FOR ALL DEPARTMENTS

3.2 Staff development initiatives during the financial year

3.2.1 A Workplace Skills Plan was developed with the aim of ensuring that the staff is capacitated to perform their duties with diligence and a high level of professionalism. It should however be noted that not all that is contained in the WSP could be achieved due to financial constraints. As part of the capacitation programme, top and some middle management were engaged in the certificate programme for management development. Some of the programmes that were intended for this financial year were carried over to the next year.

3.2.2 An Employment Equity was also developed by which it was aimed to create a method so as to attract people from the designated groups as envisaged by the Employment Equity Act. Much as this plan is in place it is still difficult to attract these people. Furthermore it is envisaged that on top of the plan some more effort has to be made to ensure that the staff compliment has to represent the demographics of the municipality.

3.3 Key HR statistics per functional area

1. Full time staff complement per functional area
 - a. Section 57 and MM

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	0
2	Chief Finance Officer	1	1	0
3	Corporate Services Manager	1	1	0
4	Technical Services	1	1	0

	Manager			
5	Community Services Manager	1	1	0
	Total	5	5	0

b. Sanitation

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Tractor drivers	4	4	0
2	General workers	30	12	18
3	General Handyman	1	1	0
4				
	Total	35	17	18

c. Electricity(Outsourced)

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1				
2				
3				
4				
	Total			

d. Water

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Foreman	2	2	0
2	General Workers	26	6	20
3	Total	28	8	20

e. Health

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1				
2				
3				
4				
	Total			

f. Transport

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1				

2				
3				
4				
	Total			

g. Finance

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Accountants	3	3	0
2	Cashiers	4	4	0
3	Meter readers(part time)	4	4	0
4	Creditors clerk	1	1	0
5	Debtors clerk	1	1	0
6	Payroll Clerk	1	0	1
7	Assets & Insurance Clerk	1	0	1
8	Credit Control Clerk	1	0	1
9	Indigent Registration Clerk	1	0	1
10	Call centre Clerk	1	0	1
11	Total	18	13	5

h. Planning and local economic development

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Development officer	1	1	0
2	Special Programmes Unit Co ordinator	1	1	0
2	Land & estates officer	1	1	0
3	Librarian	1	0	0
4	Library assistants	2	2	0
5	Land & Estates Clerk	1	0	1
6	Pound master	2	2 (part time)	0
7	General workers: cemeteries, sportsfields, streets, refuse removal	37	12	25
8	Foreman	2	2	0
9	Drivers	5	2	3
10	Caretaker Community halls & Public facilities	1	0	1

	Total	68	21	47
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I. Human Resources and Administration

	Approved positions (Ex: Managers/Asst. Mgers)	Number of approved posts per position	Filled posts	Vacant posts
1	Human Resources Officer	1	1	0
2	Personnel & committee clerks	2	0	2
3	Secretaries	2	2	0
4	Admin Officer	1	0	1
5	Mayoral Driver	1	0	1
6	SDF& Labour Relations Officer	2	0	2
7	Registry & Archives Clerks	2	0	2
8	Receptionist	1	1	0
9	Cleaner/Messengers	2	2	0
10	Typist	1	0	1
	Total	15	6	9

1. Level of education and skills

Total	Number of	Number of	Number of staff with
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number of staff	staff under Grade 12	staff with Senior Certificate	Tertiary/professionals training
71	37 – permanent staff	20 – permanent staff 6 – Contract workers	3- Middle management 5 – Senior management

2. Trends on total personal expenditure

Years	Total number of staff	Total Actual Expenditure (Audited)	Personal expenditure (salary and salary related) (Audited)	Percentage of expenditure
2004-2005		11,482,506	6,737,173	58.67 %
2005-2006		15,853,445	6,568,544	41.43 %
2006-2007		15,142,699	7,220,089	47.68 %
2007-2008		17,575,441	9,920,904	56.45 %

3. List of pension and medical aids used by employees

Names of	Total of	Names of	Total staff
----------	----------	----------	-------------

pension fund	staff served	medical Aids	contributing
South African Local Authorities	67	Bonitas	4
Cape Joint	4	LA Health	10
Total	71		14

3.4 Senior officials' wages and benefits (only if not included in the financial statement);

Included in financial statements

3.5 Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Target set for the year (number of people)	Achievement level during the year (number of people)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Vacancy rate for all approved posts;				
2	Percent of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100%	5
3	Percentage of Section 57 Managers including Municipal Managers who attended a leadership training within the FY	5	5	100%	5
4	Percentage of Managers in Technical Services with a	1	1	100%	1

	professional qualifications				
5	Adoption and implementation of Performance Management System	15	5	75%	5
6	Adoption and implementation of a Human Resource Development Plan including workplace skills plan	1 WSP 0 HRDP	1 WSP 0 HRDP	100% 0%	1 0
7	Completed a skills audit (including competency profiles)	71	35	50 %	35
8	Percentage of Councilors who attended a leadership training within the FY	2	1	50%	1
9	Percentage of Councillors: - with disability	0 4		0% 40%	

	- female			20%	
	- youth				
10	Adoption of the employment Equity plan	1	1	100%	

3.6.1 Major challenges and remedial action in regard human resource and organizational management

3.6.2 Relations Between Management, Council and Staff

Relations between the above mentioned stakeholders have at some stage been so severely strained leading to a number of dispute referrals to the bargaining

council. The major source of these disputes was the misunderstanding and difference in interpretation of labour legislation and collective agreements. In order to overcome these problems vigorous engagement was entered into during the meetings of the Local Labour Forum(LLF). Furthermore external advice was sought and some workshops in this regard were organised.

3.6.3 Shortage of Staff and Office Space

The other problem was the shortage of staff and office space and the result of this is that certain staff is burdened with a very big load of work which at times leads to a backlog. The main cause of this is the lack of funding so that the organogram can be fully populated. The implication of this is that it leads to a high vacancy rate. Measures are afoot to ensure that more office space is created so that more staff members may also be engaged and hopefully by then funding would be available.

3.6.4 Prolonged Job Evaluation Processes

The process of Job Evaluation that has been going on for too long now, is also another major cause for concern. The problem here is that some staff felt that they are being underpaid and the implication thereof was that there was a low staff morale.

3.6.5 Skills Shortage

Consequent to the staff shortage problem it logically follows that there would also be shortage of skills. Not that no capacity building programmes were undertaken, but releasing staff to go to training means that a big gap will be left in a particular department. The other

contributing factor to this problem is the limited training budget. This results from the fact that the municipality does not have a huge staff complement and as such can not claim a lot from the LGSETA

Chapter 4: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 The audited financial statements

Attached as Annexure 2.

4.2 Budget to actual comparison

	2007/2008 (Actual audited)	2007/2008 Original Budget	2007/2008 Original Variance	Variances grater than 10% regarded as significant versus budget (Explain)
INCOME				
Grants and subsidies	7,373,070	9,346,840		
- Grants received	7,373,070	9,346,840	21%	LESS grants received than anticipated
Operating Income	9,474,409			
- Assessment rates	1,233,547	1,366,910	9%	
- Sale of electricity	2,563,696	2,509,530	2 %	
- Sale of water	1,962,290	1,511,980	29 %	Better collection
- Interest on Investment	153,389	110,000	39 %	Higher interest generated
- Other income	3,561,487	3,500,020	1 %	
Total Income	16,847,479	18345280		
EXPENDITURE				
Salaries, wages and allowance	9,920,904	10,011,000		
General expenses	4,436,066	4,985,550	11 %	Cash flow/in line with income
Repairs and maintenance	656,217	1,016,150	35 %	Cash flow/in line with income
Capital charges	236,055	201,730	17 %	Under budgeted

Contribution to capital		30,000	100 %	Cash flow/in line with income
Contribution to employee leave reserve	169,692	170,000		
Electricity purchases	2,156,507	1,665,570	22 %	Under budgeted
Contributions to working cap reserve and		265,350	100 %	Cash flow/in line with income
Gross expenditure	17,575,441	18,345,350		

4.3 Grants and transfers' spending

Grant details		Amount received and spent each quarter										Total
		1/07/ to 30/09		01/10 to 31/12		01/01 to 31/03		01/04 to 30/06				
Project name	Donor name	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent			Rec.
FMG	Nat Treasury		195125		252442	250000	226032		257721			991171

MSIG	N/DPLG	367000	0		0	367000	46000		33000			734000
MSP	P/DPLGz	183138		872000	85136		333277					125396

4.4 Meeting of Donors' requirements for conditional grants

Expenditure was in line with condition of grant. Low spending under MSIG was due to the activities in business plan which could only be realised in the following year.

4.5 Municipality Long term contracts

Municipality does not have any long term contracts with any service provider and any other entity.

4.7 Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Percentage capital expenditure of capital budget	1,232,000	1,232,000	100 %	N/A
2	Percentage of salary budget as a percentage of the total budget	10,011,000	9,920,904	100 %	100 %
3	Total municipal debt as a percentage of revenue	8,000,000	8 388 597	95 %	N/A

4	Total municipal own revenue as a percentage of the total budget	9,276,350	9,474,409	100 %	N/A
5	Rate of municipal debt reduction				
6	Municipal infrastructure Grant spending rate				
7	Municipal Systems Improvement Grant spending rate	734 000	79,000	10 %	N/A

4.8 THE AUDITOR GENERAL REPORTS

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Tsolwana 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 4 to 20.

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 to the financial statements and in the manner required by the Local Government: 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) (PAA) and section 126 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 on 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 to the financial statements.

Basis for adverse opinion

Fixed assets

9. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The municipality reflected gross fixed assets of R68,6 million in note 6 to the annual financial statements. This balance should be supported by a detailed asset register detailing each asset sufficiently for it to be identified individually. Assets to the value of R3,1 million were not individually recorded in the fixed asset register by management. There were no satisfactory audit procedures I could perform to obtain reasonable assurance that the fixed asset register was complete. Consequently I was unable to satisfy myself as to the completeness and accuracy of assets included in the fixed asset register amounting to R3,1 million.
10. In terms of section 74(1) of the MFMA the accounting officer of a municipality must submit to the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or required. No supporting documentation could be supplied in relation to the following:
 - Cheque payments amounting to R23 224.
 - Transfer between contributions from income and grants and subsidies amounting to R642 000.
 - List of all DoRA-funded assets.
 - List of all erf numbers relating to land and buildings of R5,4 million.
 - Contracts in relation to capital expenditure of R1,5 million.

11. There were no satisfactory audit procedures I could perform to obtain reasonable assurance for the items stated above without the appropriate supporting documentation, consequently I was unable to satisfy myself as to the existence, completeness and accuracy of the transactions detailed above.
12. In terms of the IMFO standards the net asset value reflected in appendix C of the annual financial statements should agree with the total balance of internal and external loans as reflected in appendix B. The net asset value was misstated by R165 461 which related to the difference between the total of internal and external loans of R2 million and the net asset value of R1,8 million.
13. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The municipality reflected a balance of motor vehicles in appendix C in the amount of R551 788. This balance should be supported by a detailed asset register detailing each asset sufficiently for it to be identified individually. This register is not complete as a number of vehicles have not been included. As no supporting documentation could be presented for the acquisition thereof, the valuation could not be determined, nor could additional procedures be performed.

Trust funds

14. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. No register was kept by management for conditional grants of R1 million received by the municipality. In addition, the original contracts for these trust-funded projects could not be provided, and a register of contracts awarded was not maintained. In the absence of the registers and contracts no audit procedures could be performed to provide reasonable assurance that all grants had been properly recorded. Consequently I was unable to satisfy myself as to the completeness of the revenue and the occurrence of expenditure relating to the trust monies received.

Expenditure

15. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.
 - Expenditure to the amount of R347 448 was not supported by returned paid cheques. I was therefore unable to ensure that the payments had been made to the correct suppliers and as monthly reconciliations of supplier statements had not been done either, no suitable alternative audit procedures could be performed.

- Expenditure amounting to R238 059 had no supporting documentation, therefore no suitable alternative audit procedures could be performed.
16. As a result I was unable to satisfy myself as to the occurrence and accuracy of the above amounts disclosed under expenditure
 17. Journals to the amount of R81 451 had no supporting documentation; therefore, as no suitable alternative audit procedures could be performed, the occurrence and accuracy of these amounts could not be assured.

Creditors

18. All amounts disclosed in the balance sheet must be classified in the correct accounts. An amount of R2,8 million was reflected on the balance sheet as creditors. This included an account detailed as "Unidentified income". Transactions in this account amounting to R772 056 were not supported by any documentation. Therefore, as no suitable alternative audit procedures could be performed to determine the nature and cause of these transactions, I was unable to satisfy myself as to the classification and accuracy of this amount.
19. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Journals to the amount of R101 701 had no supporting documentation; therefore, as no suitable alternative audit procedures could be performed, the occurrence and accuracy of these amounts could not be assured.

Customer deposits

20. In terms of section 74(1) of the MFMA the accounting officer of a municipality must submit to the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required. No listing of consumer deposits could be provided. The completeness, existence and valuation of customer deposits to the amount of R147 443 could not be determined and no suitable alternative audit procedures could be performed.

Revenue

21. In terms of section 62(1)(c)(i) of the MFMA the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.
 - Interest earned on receivables to the amount of R801 480 per the financial statements could not be recalculated due to a lack of supporting documentation and documented policy, and inconsistency of the calculation basis.

- Completeness and accuracy of hall rentals could not be determined due to the lack of reconciliations between hall rentals and the hall rental register, as there were no suitable alternative procedures which could be performed.
22. As a result of the above I was unable to satisfy myself as to the completeness and accuracy of revenue.

Commitments

23. In terms of section 74(1) of the MFMA the accounting officer of a municipality must submit to the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required. It was found that no listing could be provided for the current outstanding capital commitments. The valuation, existence and completeness of capital commitments could therefore not be ascertained and no suitable alternative audit procedures could be performed.

Adverse opinion

24. In my opinion, because of the significance of the matters described in the Basis for adverse opinion paragraphs, the financial statements of the Tsolwana Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have not been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 to the financial statements and in the manner required by the MFMA and DoRA.

Emphasis of matters

I draw attention to the following matters:

Going concern

25. The net liability position, poor budgeting controls and poor liquidity of the municipality were identified as going concern risks. The mitigating factor regarding these risks is the fact that the national government would assist the municipality.

Highlighting critically important matters presented or disclosed in the financial statements

Unauthorised, irregular or fruitless and wasteful expenditure as well as material losses through criminal conduct

Irregular expenditure

26. In the absence of a tailored supply chain management policy expenditure in the amount of R1.6 million disclosed in note 26.1, which was expended without the required documentation being obtained as required by the Supply Chain Management Framework, as irregular.
27. An amount of R132 085 as per note 26.1 was expended without the requisition forms being signed by the appropriate official, which is considered to be irregular.

Fruitless and wasteful expenditure

28. A cost of R245 100 was incurred on a Municipal Valuation Roll in a prior year and is currently accounted for under accumulated surplus. This valuation can no longer be legally implemented and as such the expenditure is considered to be fruitless and wasteful and is disclosed in note 26.2.
29. Payment to an employee under suspension to the amount of R144 626 is considered fruitless and wasteful per note 26.2, being remuneration still paid two years after suspension commenced.
30. R78 685 was paid for performance evaluation of managers. Recommendations from the consultants were not implemented and the payment for the consultant's services is disclosed as fruitless in note 26.2. In addition the HR manager's bonus of R22 420 is considered fruitless in view of the significant number of control weaknesses identified and the fact that the consultant recommended that the bonus should not be paid.

Unauthorised expenditure

31. The capital budget was exceeded on electricity services to the extent of R277 912 which is considered to be unauthorised per note 26.3. Budgeted capital expenditure disclosed per Appendix C was overstated by R3,8 million.

OTHER MATTERS

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

Internal controls

32. 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 adverse 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
Revenue	✓				
Expenditure	✓				
Salaries and wages	✓				
Costumer deposits	✓				

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Fixed assets	✓				
Trust funds	✓				
Creditors	✓				
Provisions	✓				
Commitments	✓				

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.

Non-compliance with applicable legislation

Municipal Finance Management Act

33. Section 21(2)(b) states that when the budget is prepared, realistic revenue and expenditure projections need to be used when revising the integrated development plan. Other income as per the income statement for the current year was R19,7 million and the budgeted amount was R26 million compared to the prior year actual of R14,7 million Total expenditure as per the income statement for the current year was R18,8 million and the budgeted amount was R24,1 million compared to the prior year actual of R15,1 million. These projections are considered to be unrealistic.
34. No fraud prevention plan was documented or implemented, which is a requirement in terms of section 62(1)(d) and (e).
35. Disclaimers of opinion issued during the past five financial years along with the accumulated deficit are indicators of financial difficulties as defined in section 135. No reporting of financial problems was done as

required under this section to either the National or Provincial Treasury.

36. No by-laws were adopted to give effect to the municipality's credit control and debt collection policy as required in terms of section 98.
37. Debtors accounts from other state entities which were regularly in arrears for more that 30 days were not reported to the National Treasury as required by section 64(3).
38. The capital budget was not allocated to specific capital projects but rather on a vote basis, thereby not ensuring adherence to section 19 which requires that municipalities only expend funds on specifically budgeted capital projects.
39. Section 98(b) requires monthly reconciliation of all accounts. The creditors control accounts were not reconciled to the supplier statements on a monthly basis and consequently this duty was not discharged.
40. Section 63(1)(a) requires the safeguarding of assets, which was not properly discharged as loose assets or inventory was neither counted nor accounted for at year-end.
41. Section 63(2)(a) and (c) was not complied with as the fixed asset register was not reconciled to the general ledger, nor was the source of funding stated for certain assets.
42. Section 13(2) which requires the development and implementation of an investment policy was not complied with as no investment policy had been adopted by the municipality.
43. Section 64(2)(a) requires effective revenue collection systems. No revenue collection policy existed nor was any action being taken to ensure collection of long outstanding debt, including that from ex-councillors who owed R97 220 arising out of the destruction of municipal assets in a prior year. Consequently I do not believe that this requirement has been discharged.
44. Section 65(2)(h) requires that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework. The net current liability situation indicates non-compliance with this section.
45. In terms of section 62(1)(c) the municipality should maintain an effective, efficient and transparent system of internal control. The lack of proper controls, procedures, policies and oversight was specifically evident in the Human Resources department. There were no wage registers, employee files were incomplete (lack of contracts and job descriptions), casual wage earners did not sign an attendance register or timesheet when collecting wages, no performance contracts could be supplied, no external registers for overtime payments made, employment register and contracts for wage earners existed and there was a lack of effective controls over the appointments process.

Municipal Systems Act

46. Section 67 requires appropriate systems and procedures to be developed and adopted to ensure fair, efficient, effective and transparent personnel administration. Significant control and operational weaknesses were found, which significantly hampered the effectiveness and efficiency of the municipality, indicating that this section was not complied with.

Environmental Conservation Act

47. The waste disposal site currently used by the municipality has not been approved as required in terms of section 20.

National Environmental Management Act

48. 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.

Basic Conditions of Employment Act

49. Employee’s salary deductions were not authorised by employees as required in terms of section 34.

50. Wages were not always paid within the stipulated period of seven days after the completion of the period for which the remuneration was payable in accordance with section 32(3).

Property Rates Act

51. Municipal valuations done in 2004/05 were not implemented in contravention of sections 30 and 88. The current valuations in force are dated 1989 and 1995 for Hofmeyer and Tarkastad respectively.

52. In contravention of section 17, Part b of the property rates register was not maintained.

Matters of governance

53. 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 I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the 		✓

Matter of governance	Yes	No
financial year.		
<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		✓
<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		✓
Internal audit		
<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		✓
<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		✓
<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		✓
Other matters of governance		
<ul style="list-style-type: none"> The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA. 	✓	
<ul style="list-style-type: none"> The annual report was submitted to the auditor for consideration prior to the date of the auditor's report. 		✓
<ul style="list-style-type: none"> The financial statements submitted for audit were not subject to any material amendments resulting from the audit. 	✓	
<ul style="list-style-type: none"> No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. 		✓
<ul style="list-style-type: none"> The prior year's external audit recommendations have been substantially implemented. 		✓
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)¹		
<ul style="list-style-type: none"> 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. 	✓	
<ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it 	✓	

Matter of governance	Yes	No
submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		
<ul style="list-style-type: none"> 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. 	✓	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

54. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

55. 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

56. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

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

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

Audit findings (performance information)

Non-compliance with regulatory requirements

Municipal Systems Act

59. The municipality's Integrated Development Plan did not include and contain the areas of the council's operational strategies, disaster management plan, financial plan and key performance indicators and performance targets as required by section 26.

60. Section 38 was not adhered to, as no dedicated performance management system had been implemented or developed.

Municipal Finance Management Act

61. No mid-year performance assessment, comparing the performance of the municipality in terms of the predefined performance indicators was conducted as required in terms of section 72.

Measurable objectives and/or indicators and/or targets not consistent

62. The performance targets and objectives contained in the performance contracts of the section 57 managers were not based on the key performance indicators set out in the Integrated Development Plan, which is in contravention of section 57 (5).

Performance information not received in time

63. Performance information was not presented for the purposes of the audit.

64. The assistance rendered by the staff of the Tsolwana Municipality during the audit is sincerely appreciated.



East London

30 November 2008



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

5.1 General information (population statistics)

<i>Tsolwana Local Municipality</i> GENERAL INFORMATION			
Reporting Level	Detail	Total	
Overview:	Tsolwana municipality comprises of five wards with a population of 32511 as per the 2001 census results. The municipality is mainly rural with an economy that is dominated by commercial farming. Administratively the municipality is divided into 4 departments. The staff compliment is 80. all the strategic positions were occupied during the year under review		
Information:	<Provide statistical information on (as a minimum):->		
1	Geography: Geographical area in square kilometres Note: Indicate source of information	6087 IDP	
2	Demography: Total population Note: Indicate source of information	32 511 IDP 07/08	
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	IDP 07/08: HH with an income less than R1100 pm or no income at all	
4	Total number of voters	15732	
5	Aged breakdown: - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Note: Indicate source of information	40% 31.7%	
6	Household income: - over R3,499 per month - between R2,500 and R3,499 per month - between R1,100 and R2,499 per month - under R1,100 per month Note: Indicate source of information	6% 94% IDP 07/08	

5.2 Executive and Council function's performance

Function:	Executive and Council
Sub Function:	N/A

Reporting Level	Detail	Total	
Overview:	<p>Tsolwana is a category B and plenary type of a municipality situated in the Chris Hani District Municipality. It is made up the former Ntabethemba TRC and former TLC's of Tarkastad and Hofmeyr with Tarkastad being the headquarters and the seat of the council. It lies in the northern part of the Eastern Cape and covers approximately 6087 km². It is comprised of 5 wards led by ward councillors</p> <p>Population</p> <p>According to the results of the 2001 census. Tsolwana municipality has a population of 32511, with the majority of the residents of being African.</p> <p>Economic Growth</p> <p>Tsolwana Municipality as rural municipality has one of the lowest economic activity. The result of this is the high rate of unemployment. The major economic activity here is farming and provides bulk of employment. There is also a growing interest in game farming which contributes positively to the tourism industry. Besides the state departments, there is a very small amount or number of private employers. In order to curb this predicament the municipality is encouraging people to take full advantage of all economic programmes that are provided either by itself or government departments. This it does through the engagement of its Local Economic Office.</p> <p>Governance</p> <p>The council is a plenary type and is by law the ultimate decision making body of the municipality on the following issues; adoption of the budget and IDP and the by –laws</p> <p>The Mayor</p> <p>The Mayor is elected at the inaugural meeting of the</p>		

	<p>council and doubles up as the chairperson of council meetings. Chief of the Mayor's duties is to preside over the council meetings. The Mayor may further perform any other duties that the council delegates her to do.</p> <p>Council committees</p> <p>In order for the council to function properly it has to have to have some support structure in the form of standing committees that are formed in terms of S79 of the Municipal Structures Act. Currently there are two standing committees in Tsolwana and they are: Human Resource, Administration and Finance standing committee and Social and Infrastructure standing committee. These committees meet on a monthly basis. Chairperson of these committees are nominated and decided upon by the council</p>		
<p>Description of the Activity:</p>	<p>The function of executive and council within the municipality is administered as follows and includes:</p> <p><i>One of the major functions of the council as provided for by the Municipal Systems Act is to develop and adopt the Municipality's IDP and budget. this process is undertaken by involving the IDP Reps forum which is elected from the community and thereafter consult the community for inputs into those projects.</i></p> <p><i>Council is further supposed to encourage community participation , this is made possible by the election of ward committees who serve as an extension of the ward councillor. Ward committees attend to issues which can not be immediately attended to by the ward councillor and provide reports and recommendations to ward councillor who in turn report to the council.</i></p> <p><i>Furthermore the council is responsible for the formation of the intergovernmental forum so as to network and interlink governmental programmes. This was achieved by establishing a structure representing all sector departments operating in the municipal area.</i></p>		

	<p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <ul style="list-style-type: none"> • <i>Ensure provision of clean water supply to all and eradication of buckets</i> • <i>Develop an SMME and development strategy and the Tourism Sector Plan so as to boost the Local Economic Development</i> • <i>Ensure the development of roads maintenance plan by end of 2006</i> • <i>Develop a disaster management plan which set out quick response and disaster reduction plan</i> • <i>Ensure provision of electricity to the newly built establishments</i> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • <i>Liaise with the DM for funding</i> • <i>To identify relevant stakeholders which are interested and affected by tourism and formulation of the organisational structure.</i> • <i>Conduct a feasibility study aimed at developing a strategic plan linked to that of the DM so as to ensure an improvement of roads and storm water infrastructure</i> • <i>Link the plans of all the stakeholders concerned with disaster management so as to have a uniform approach to disaster incidents</i> • <i>Liaise with the DM, Eskom, NER AND DME for prioritisation and funding</i> <p>The key issues for 2007/08Y are:</p> <ul style="list-style-type: none"> • <i>Bucket Eradication in Tarkastad and Hofmeyr</i> • <i>Development of SMME's</i> • <i>Upgrading and maintenance of roads and storm water</i> • <i>Disaster management</i> • <i>Provision of electricity</i> 		
<p>Analysis of the Function:</p>	<p><Provide statistical information on (as a minimum):></p>		
<p>1</p>	<p>Councillor detail: Total number of Councillors Number of Councillors on Executive Committee</p>	<p>10 n/a</p>	
<p>2</p>	<p>Ward detail: Total number of Wards Number of Ward Meetings</p>	<p>5 1 monthly</p>	
<p>3</p>	<p>Number and type of Council and Committee meetings:</p>		

	<i>Plenary Executive</i>	
	<ul style="list-style-type: none"> • Council meetings • HR & Finance Standing Committee meeting • Social & Infrastructure Standing Committee 	4

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> • <i>Number of functional ward committees</i> 	<i>The municipality is made up of five wards and each ward has a ward committee. Problem is that the wards are very vast and members were not receiving anything to attend meetings and consequently some of them left. In order to remedy this talks were started to ensure that they are provided with some stipend to cater for their out of pocket expenses</i>	4	5
<ul style="list-style-type: none"> • <i>Number of CDW performance reports on file</i> 	<i>CDW's compile their reports and submit them to the Department of Local Government on a monthly basis</i>	1 Report per CDW per month	12
<ul style="list-style-type: none"> • <i>Number of IGR forum meetings organized</i> 	<i>The initial arrangement was that IGR meetings had to be held on a monthly basis but it appeared that most of the sector departments were not attending all the meetings and some had to be called off due to poor attendance. However, it is hoped that the situation may improve as intervention from the upper government structures has been sought</i>	2	4
<ul style="list-style-type: none"> • <i>Implementation of the anti-corruption strategy</i> 			

5.3 Finance and Administration function's performance

Overview:

The financial services directorate is responsible for ensuring sound financial management, monitoring the budget expenditure and revenue management, timely reporting to Council, timely completion of annual financial statements for submission to the Auditor General, perform bank reconciliations, payment of creditors and the general financial and asset management of the municipality

Description of the Activity

The Financial Services Directorate has the following divisions led by Divisional Heads (Accountants) who report directly to the Chief Financial Officer;

Revenue Management, Debt Collection, Credit Control and Indigents, Accounting and Reporting, Asset Management, Budget and Fiscal Control, Supply Chain Management, Rates and Valuations, Payroll, Information Technology,
Financial Services Directorate serves a support function to the municipality. Direct interaction with the public takes place at the following levels and divisions; consumer enquiries on the municipal accounts, credit control, indigent application and registration and supply chain management

5.3.1 Debtors billings and 5.3.2 Debtor collections

Function	Months - July 07			Months -AUG 07		
	Billed	Interest	Received	Billed	Interest	Received
RATES	717,000	17,668	162,000	167,000	18,897	188,000
ELECTRICITY	466,000	7,716	340,000	456,000	8,933	383,000
WATER	359,000	5,288	220,000	365,000	5,559	218,000
SANITATION	350,000	19,982	305,000	347,000	20,539	227,000
REFUSE	228,000	13,018	184,000	222,000	13,353	199,000
	2,120,000	63,673	1,211,000	1,557,000	67,282	1,215,000

Function	Months - SEPT 07			Months - OCT 07		
	Billed	Interest	Received	Billed	Interest	Received
RATES	96,000	18,664	177,000	86,000	17,741	62,000
ELECTRICITY	435,000	8,197	381,000	445,000	8,851	412,000
WATER	355,000	4,695	275,000	363,000	9,677	636,000

SANITATION	344,000	20,323	231,000	344,000	17,728	123,000
REFUSE	226,900	13,170	215,000	226,000	10,880	97,000
	1,456,900	65,050	1,279,000	1,464,000	64,876	1,330,000

Function	Months - NOV 07			Months - DEC 07		
	Billed	Interest	Received	Billed	Interest	Received
RATES	88,000	17,484	57,000	84,000	17,735	38,000
ELECTRICITY	442,000	7,707	377,000	402,000	8,095	255,000
WATER	357,000	9,327	581,000	351,000	9,491	393,000
SANITATION	353,000	17,418	113,000	353,000	17,905	76,000
REFUSE	226,000	10,743	90,000	226,000	10,991	61,000
	1,466,000	62,679	1,218,000	1,384,172	64,218	823,000

Function	Months - JAN 08			Months - FEBR 08		
	Billed	Interest	Received	Billed	Interest	Received
RATES	88,000	18,248	24,000	85,000	18,549	20,000
ELECTRICITY	460,000	10,632	302,000	422,000	8,773	247,000
WATER	363,000	9,414	251,000	342,000	9,698	205,000
SANITATION	354,000	18,353	129,000	349,000	18,838	105,000
REFUSE	226,000	11,234	83,000	225,000	11,494	68,000
	1,491,000	67,881	789,000	1,423,000	67,352	645,000

Function	Months - MARCH 08			Months - APR 08		
	Billed	Interest	Received	Billed	Interest	Received
RATES	80,000	19,151	19,000	85,000	19,563	160,000
ELECTRICITY	423,000	5,680	239,000	482,000	9,038	338,000
WATER	344,000	9,850	198,000	361,000	9,945	255,000
SANITATION	353,000	19,468	102,000	353,000	19,964	136,000
REFUSE	226,000	11,813	66,000	226,000	12,080	69,000
	1,405,544	65,962	624,000	1,470,150	70,590	958,000

Function	Months - MAY 08			Months - JUNE 08		
	Billed	Interest	Received	Billed	Interest	Received
RATES	80,000	19,836	225,000	87,000	16,296	102,000
ELECTRICITY	465,000	8,865	473,000	422,000	8,317	215,000
WATER	369,000	9,987	357,000	364,000	9,955	163,000
SANITATION	352,000	20,473	190,000	347,000	20,887	87,000
REFUSE	226,000	12,350	97,000	222,000	12,555	45,000
	1,429,624	71,510	1,342,000	1,442,000	68,010	612,000

Function	Total	Total
	Billed	Received
RATES	1,743,000	1,234,000
ELECTRICITY	5,320,000	3,962,000
WATER	4,293,000	3,752,000
SANITATION	4,199,000	1,824,000

REFUSE	2,705,900	1,274,000
	18,260,900	12,046,000

5.3.3 DEBTOR ANALYSIS: AMOUNT OUTSTANDING AT 30 JUNE 2008

FUNCTION	30 DAYS	60 DAYS	90 DAYS	OVER 90 DAYS	TOTAL
Rates	33,372	49,219	48,494	1,932,237	2,063,322
Electricity	140,501	65,901	36,184	809,600	1,052,186
Water	42,173	29,437	23,234	796,345	891,189
Sanitation	83,614	68,386	64,177	1,923,121	2,139,298
Refuse Removal	44,634	36,365	34,809	1,171,241	1,287,049
Other	2,265	6,049	2,247	944,992	955,553
Total	346,560	255,358	209,144	7,577,536	8,388,597

5.3.4 No debts were written off

5.3.5 PROPERTY RATES (RESIDENTIAL)

RESEDNTIAL	NUMBER	STAND VALUE	IMPROVE VALUE
Rated	627	324,058	29,578,745
Not Rated	2365	1,222,324	111,568,950
Exempted	0		
Rates collectable for year			1,158,182

5.3.6 PROPERTY RATES (COMMERCIAL)

COMMERCIAL	NUMBER	STAND VALUE	IMPROVE VALUE
Rated	36	93,700	2,344,190
Not Rated	0	0	0
Exempted	0		
Rates collectable for year			75,818

5.3.8 Property valuation

Year of last valuation: 1996

Regulatory of valuation: 5 years

5.3.9 Indigent Policy

Function	Number	Value
Water	3495	870,674
Electricity	3495	1,077,238
Sanitation	659	662,928
Sanitation (Bucket)	2061	1,145,586

Rates	319	12,122
Rates Levy	2037	451,481
Refuse	2701	1,175,907
		5,395,936

5.3.10 Creditor Payments

Creditor	30 Days
CC Consulting	18,900
Sebata	14,060
Border Irrigation	10,062
Eskom	9,520
Eskom-FBE	8,983
Total	61,525

No creditors over 30 days

5.3.11 Credit Rating

Did not apply for and though unknown.

5.3.12 External loans

Type of Loan	Interest rate	Institution	Balance 2007-07-01	Redemption 2007-12-31	2008-06-30	Balance 2008-06
Sewerage Loan	10.75%	DBSA	82337.48	7672.94	8142.40	66522
Water Aug Scheme	15.34%	DBSA	213384.45	7232.15	7988.15	198164
			295721.93	14905.09	16130.55	264686

5.3.13 Delayed and Default Payments

Council has **not** delayed payment on any loan, statutory payments or any other default of a material nature

5.4 Planning and Development function's performance

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
Overview:	Areas falling under Ntabthemba district are communally managed have a greater percentage under crop cultivation than Tarkastad and Hofmeyr district that are under commercial management. Revitalisation of irrigation schemes, brick making, homestead garden, livestock improvement, development of smme,s ,erection of shearing, fencing of commonage.		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes: <i>The municipality has employed a development officer in order to give technical support administrate support to all project.</i> These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to: <i>To facilitate, coordinate, support services and implement some of projects.</i> The strategic objectives of this function are to: <i>To promote PPP, To develop skills development plan for smme,s, To identify relevant role players on led initiatives.</i> The key issues for 2007/8/0Y are: <i><List here> Tourism sector plan, Milkthisil, Homestead, Revitalisation of irrigation schemes, Lucendo Bakery in Hofmery, Tarkastad brick making project.</i>		
Analysis of the Function:			
1	Number and cost to employer of all economic development personnel:		R (108000:
	- Professional (Directors / Managers)	<0>	nil<cost>
	- Non-professional (Clerical / Administrative)	<0l>	nil<cost>
2	- Temporary	<0>	nil<cost>
	- Contract	<0>	nil<cost>
3	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	Detail and cost of incentives for business investment:		R (2.5m.)
4	<i>Construction of infrasture in tendegate irrigation scheme in Ntabthemba.</i>		<2.5m>
5	Note: list incentives by project, with total actual cost to municipality for year.emoploment opportunities,119 men,128 women,78 youth and 10 disable .		
	Detail and cost of other urban renewal strategies:		R (000s)
6	<i>Tarkastad brick making project, Hofmeyr women bakery, Sinako vegetable garden, Hofmeyr Milkthisil project.</i>		R1067000(
	Note: Ensure the development of local economic development strategy.		

6	Detail and cost of other rural development strategies:		R 3.50000
	<i>Revitalisation of Tandegate irrigation scheme, Mitrock irrigation scheme and Nguni livestock project.</i>		
	Note: list strategies by project, with total actual cost to municipality for year		
	Number of people employed through job creation schemes:		
	- Short-term employment	<300>	
	- Long-term employment	<50>	
	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		
	Number and cost to employer of all Building Inspectors employed:	n/a	R (000s)
	- Number of Building Inspectors	<1>	<R24000>
	- Temporary	nil	
	- Contract	nil	
	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package		
	Details of building plans:		
	- Number of building plans approved	<50>	
- Value of building plans approved	<R950000>		
Reporting Level	Detail	Total	
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		R 1164400
	<i>2.5m allocated for Tandagate irrigation scheme by CHDM, 500000 allocated for Hofmeyr bakery by Social Development, 800000 allocated to Mitrock irrigation scheme by CHDM.</i>	R3.500000	
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> Established and fully functional LED Unit; LED budget rate; LED strategy approved Functional LED stakeholder forum; LED special research carried 	<p><i>The Municipality has no fully flash unit at the moment but we are striving to have one. All led related activities are taken care of by the Community services department .</i></p> <p><i>The budget was so limited in such that no capital projects were funded through this vote.</i></p> <p><i>Tsolwana Municipality has no approved led strategy.</i></p> <p><i>Led forum was established and not functional due to financial constraints. But we believe that as from the next financial year I will be vibrant as the LED has been funded and prioritised as priority number two in our budget.</i></p>		

<p><i>out by experts</i></p> <ul style="list-style-type: none"> • <i>Approved IDP</i> 	<p><i>Due to capacity problems, research is being done by external experts.</i></p> <p>Annually before the IDP is approved the Community services is making sure that all led funded projects are included in the IDP.</p>		
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5.5 Community and social services function's performance

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> <p><i>Manage waste disposal sites, support and facilitate disaster management, manage sport facilities, support housing development; manage led, manage community halls and cemeteries, support municipal health services, support IDPc manager, .</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><i>To facilitate and coordinate all developments within the area of our jurisdiction.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Ensure that a housing sector plans are developed, ensure that conditions are conducive for development of our people.</i></p> <p>The key issues for 2007/8Y are:</p> <p><i>Construction of houses, led projects funded by department Agriculture, closing down of old waste disposal site, revitalisation of irrigation of irrigation schemes, rehabilitation and reconstruction disaster houses, establishment of disaster satellite office and staffed, establishment of Luncedo Bakery Hofmeyr, Vusisizwe Brick Making Projects.</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>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 	<p><i>no of facilities:</i></p> <p><2r></p> <p><nil></p> <p>11></p> <p><28r></p>	<p><i>no of users:</i></p> <p><250 monthly></p> <p><nil></p> <p><5400></p> <p><32000r></p>

	- Child care (including crèches etc)	<19>	<4500r>
	- Aged care (including aged homes, home help)	<2>	<80>
	- Schools	<27>	<10800>
	- Sporting facilities (specify)	<28>	<616>
	- Parks	<540sq km>	<4700>
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	<3>	<548000t>
	- Museums and art galleries	<nil>	<nil>
	- Other community halls/facilities	<4>	<26500>
	- Cemeteries and crematoriums	<2>	<75200t>
	- Child care	<nil>	<nil>
	- Aged care	<nil>	<nil>
	- Schools	<nil>	<nilt>
	- Sporting facilities	<2>	<75200>
	- Parks	<1>	<36000>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R 760900

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<ul style="list-style-type: none"> Approved HIV/AIDS strategy; Approved Disaster management policy frameworks and plans (Metro and DM) 	<p>Tsolwana municipality managed to establish a local aids forum and capacitate members thereof. Door to door campaign was also done successfully driven by local people. 400 households were visited and workshopped about HIV and aids.</p> <p>Chris Hani District Municipality has developed a disaster risk management policy framework. Disaster Management plan are yet developed due to financial constraints.</p>		

5.6 Housing function's performance

Function:	Housing
Sub Function:	N/A

Reporting Level	Detail	Total	
Overview:	The National housing code is setting out clearly, that the housing policy comprises an overall vision for housing of South Africa and the way in which this vision should be implemented.		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i>The municipality compiles list of beneficiaries, earmark land for housing development, assist in beneficiary administration and oversee the building process.</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><i>The Municipality has obligation of oversee all housing related process.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Ensure that land for housing is identified, proclaimed and developed timorously ahead of subsidy allocation by Province.</i></p> <p>The key issues for 2007/8Y are:</p> <p><i>Construction of houses in the urban areas, shortage of staff, issuing of title deeds to our communities.</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost of all personnel associated with provision of municipal housing:</p> <ul style="list-style-type: none"> - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.</p>	<p><0></p> <p><0></p> <p><0></p> <p><0></p> <p><0></p> <p><0></p>	<p>R (84156)</p> <p>nil</p> <p>nil</p> <p><84156t></p> <p>nil></p> <p>nil></p> <p>nil</p>
2	<p>Number and total value of housing projects planned and current:</p> <ul style="list-style-type: none"> - Current (financial year after year reported on) - Planned (future years) <p>Note: provide total project and project value as per initial or revised budget</p>	<p>4071</p> <p>260></p> <p><4000></p>	<p>R (73040700)</p> <p><1893440></p> <p><17200000></p> <p>92134140</p>
3	<p>Total type, number and value of housing provided:</p> <p><i>Traditional type of houses</i></p> <p>Note: total number and total value of housing provided during financial</p>	<p><4260></p>	<p>R (000s)</p> <p><92134140></p>

	year		
4	Total number and value of rent received from municipal owned rental units <list details, including number of units handed over to residents>	<1400>	R (nil) <10500000>
5	Estimated backlog in number of (and costs to build) housing: <list details by type of dwelling, see below>	<total>	R92134140 <cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
6	Type of habitat breakdown: - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats - number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/flatlet	<5641> <1383> <539> <870> <377> <nil>	
	Reporting Level	Detail	Total
7	Type and number of grants and subsidies received: <list each grant or subsidy separately>	<4260>	R (185318280) <92134140>
	Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
8	Total operating cost of housing function		R (nil)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the 2007/8 budget here>	.Tsolwana municipality erected 3945, the actual performance targets were 3000, the variance of about 945 was based on speed of the contractors and their demonstrated capacity.		

5.7 Waste management function's performance

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total
Overview:	The overall strategy of is to reduce the generation of waste and the environmental impact of all forms of waste and thereby ensure that the socio-economic development of South Africa, the health of the people and the quality of its environmental resources are no longer adversely affected by uncontrolled waste management.	
Description of the Activity:	The refuse collection functions of the municipality are administered as follows and include:	

	<p><i>Currently the Municipality uses black bags and 851 plastic bins or other receptacles available as the main receptacles used in Municipality. The bags have to be loaded onto the back of the collection vehicles by hand. In some instances where black bags are not available the waste is disposed off in any available receptacle.</i></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><i>Clean up campaign .awareness campaign with Department Health.</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Ensure that improve management of Tarkastad and Hofmeyr landfill sites.</i></p> <p>The key issues for 2007/8Y are:</p> <p><i>Improve, develop and Maintain Infrastructure to comply with Legislative requirement needs.</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - 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><1></p> <p><0></p> <p><0></p> <p>2</p> <p><0></p>	<p>R 1106274</p> <p><300000t></p> <p><57800t></p> <p><0t></p> <p><0t></p> <p><80064></p> <p><0></p>
2	<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><4></p> <p><0.1%></p> <p><1.2%></p> <p><57%></p> <p><16%></p>	<p>R (432581)</p> <p><197472></p> <p>4431</p> <p><4431></p>
3	<p>Total and projected tonnage of all refuse disposed:</p> <ul style="list-style-type: none"> - Domestic/Commercial - Garden <p>Note: provide total tonnage for current and future years activity</p>	<p><500></p> <p><94%></p>	<p><1500></p> <p><57%></p>
4	<p>Total number, capacity and life expectancy of refuse disposal sites:</p> <ul style="list-style-type: none"> - Domestic/Commercial (number) - 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><19915></p> <p><19915></p>	<p><17943></p> <p><7943></p>
Reporting Level	Detail	Total	
5	<p>Anticipated expansion of refuse removal service:</p> <ul style="list-style-type: none"> - Domestic/Commercial - Garden 	<p><0.2%></p> <p><2.6%></p>	<p>R 86000</p> <p><45000t></p> <p><65000t></p>

	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
6	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.	<5754> <75%>	
7	Total operating cost of solid waste management function		R (196000)

Function:	Waste Water Management
Sub Function:	Sewerage etc

Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>The removing of buckets in all the affected areas in the municipal jurisdiction. This is also done through the bucket eradication programme that is being undertaken by the District Municipality as a water services authority.</i></p> <p>These services extend to include <i>all the affected areas in the municipality</i>, The municipality has a mandate to:</p> <p><i>Provide an adequate sanitation services to the communities of Tsolwana</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Engage the Water Services Authority in all aspects related to the provision of this service</i></p> <p>The key issues for 2007X/08Y are:</p> <p><i>Establishment of a well structured unit of the water and sanitation unit in the municipality that will be funded by the WSA</i></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with sewerage functions:		

	- Professional (Engineers/Consultants)	1	
	- Field (Supervisors/Foremen)	2	
	- Office (Clerical/Administration)	2	
	- Non-professional (blue collar, outside workforce)	9	
	- Temporary	0	
	- Contract	0	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households with sewerage services, and type and cost of service:		
	- Flush toilet (connected to sewerage system)	<total>	
	- Flush toilet (with septic tank)	<total>	
	- Chemical toilet	<total>	
	- Pit latrine with ventilation	<total>	
	- Pit latrine without ventilation	<total>	
	- Bucket latrine	<total>	
	- No toilet provision	<total>	
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		
	- Flush/chemical toilet	<total>	
	- Pit latrine	<total>	
	- Bucket latrine	<total>	
	- No toilet provision	<total>	
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	<value>	
Reporting Level	Detail	Total	
	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.		
5	Total operating cost of sewerage function		

5.8 Road maintenance's function's performance

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p><i>Maintenance of municipal roads, storm water and all the related bridges our are of jurisdiction</i></p> <p>These services extend to include <i>municipal roads</i>, but do not take account of <i>access and</i> provincial roads which resides within the jurisdiction of <i>provincial and national</i> government. The municipality has a mandate to:</p> <p><i>Maintain all municipal roads</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Make sure that the roads are in an acceptable conditions</i></p> <p>The key issues for 2007/08 are:</p> <p><i>Budget for the purchase of additional equipment</i></p>		
Analysis of the Function:	<p><i><Provide statistical information on (as a minimum):></i></p>		
1	<p>Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		<i>R (000s)</i>
		<i>1</i>	<i>411360</i>
		<i>2</i>	<i>180000</i>
		<i>0</i>	<i>0</i>
		<i>8</i>	<i>132000</i>
		<i>0</i>	<i>0</i>
		<i>0></i>	<i>0</i>
2	<p>Total number, kilometres and total value of road projects planned and current:</p> <ul style="list-style-type: none"> - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) <p>Note: if other types of road projects, please provide details</p>		<i>R (000s)</i>
		<i>0</i>	<i>0</i>
		<i>70kms</i>	<i>880750</i>
		<i>0</i>	<i>0</i>
		<i>0</i>	<i>0</i>
3	<p>Total kilometres and maintenance cost associated with existing roads provided</p> <ul style="list-style-type: none"> - Tar - Gravel <p>Note: if other types of road provided, please provide details</p>		<i>R (000s)</i>
		<i>70kms></i>	<i>1050000</i>
		<i>233kms</i>	<i>2330000</i>
4	<p>Average frequency and cost of re-tarring, re-sheeting roads</p> <ul style="list-style-type: none"> - Tar 		<i>R (000s)</i>
		<i>0</i>	<i>0</i>

	- Gravel Note: based on maintenance records		
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel		R (000s)
Reporting Level	Detail	Total	Cost
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <list each grant or subsidy separately>	1	R (000s) 1551000
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function	233kms	850000

5.9 Water distribution function's performance

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>The provision of water services throughout the municipal jurisdiction</i></p> <p>These services extend to include <i>all the municipal area which is within the jurisdiction of Tsolwana Municipality</i>. The municipality has a mandate to:</p> <p><i>Provide the water services</i></p> <p>The strategic objectives of this function are to:</p> <p><i>Engage the WSA in all the water and related aspects</i></p> <p>The key issues for 2007/08 are:</p> <p><i>To ensure that the water service is adequately and effectively manage</i></p>		
1	<p><Provide statistical information on (as a minimum):></p> <p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) 	<p>1</p> <p>2</p> <p>2</p> <p>9</p>	<p>R (000s)</p> <p>411360</p> <p>180000</p> <p>110000</p> <p>432000</p>

	- Temporary	0	0
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month		
	<Insert table showing monthly water usage > Refer to Chris Hani District Municipality	<volume>	<volume>
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		R (000s)
	- Category 1 <insert here>	<volume>	<cost>
	- Category 2 <insert here>	<volume>	<cost>
	- Category 3 <insert here>	<volume>	<cost>
	- Category 4 <insert here>	<volume>	<cost>
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)
	- Category 1 <insert here> (total number of households)	<volume>	<cost>
	- Category 2 <insert here> (total number of households)	<volume>	<cost>
	- Category 3 <insert here> (total number of households)	<volume>	<cost>
	- Category 4 <insert here> (total number of households)	<volume>	<cost>
5	Total year-to-date water losses in kilolitres and rand		R (000s)
	<detail total>	<volume>	<cost>
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		R (000s)
	<detail total>	<number>	<cost>
8	Number and cost of disconnections and reconnections:		R (000s)
	<detail total>	<number>	<cost>
9	Number and total value of water projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<cost>
	- Planned (future years)	<total>	
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>

	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	<total> <total> <total> <total> <total> <total> <total>	R (000s) <cost> <cost> <cost> <cost> <cost> <cost>
12	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.	<total> <value>	
13	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	<total>	R (000s) <value>
14	Total operating cost of water distribution function		R (000s)

5.10 Electricity distribution function's performance

Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	The electricity purchase and distribution functions of the municipality are administered as follows and include: <i>Provision and the maintenance of electricity infrastructure</i> These services extend to include <i>Tarkastad and Hofmeyer</i> , but do not take account of <i>the Village areas</i> which resides within the jurisdiction of <i>ESKOM</i> The municipality has a mandate to: <i>Provide and maintain electrical infrastructure</i> The strategic objectives of this function are to: <i>To engage ESKOM in all electrical related</i> The key issues for 2007/08 are: <i>Forge good working relations with ESKOM</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		

		<i>R (000s)</i>	
1	Number and cost to employer of all personnel associated with the electricity distribution function:		
	- Professional (Engineers/Consultants)	<total>	<cost>
	- Field (Supervisors/Foremen)	<total>	<cost>
	- Office (Clerical/Administration)	<total>	<cost>
	- Non-professional (blue collar, outside workforce)	<total>	<cost>
	- Temporary	<total>	<cost>
	- Contract	2	144000