

# SENQU

MUNICIPALITY

ANNUAL REPORT

07/08



SENQU  
MUNICIPALITY

## VISION STATEMENT

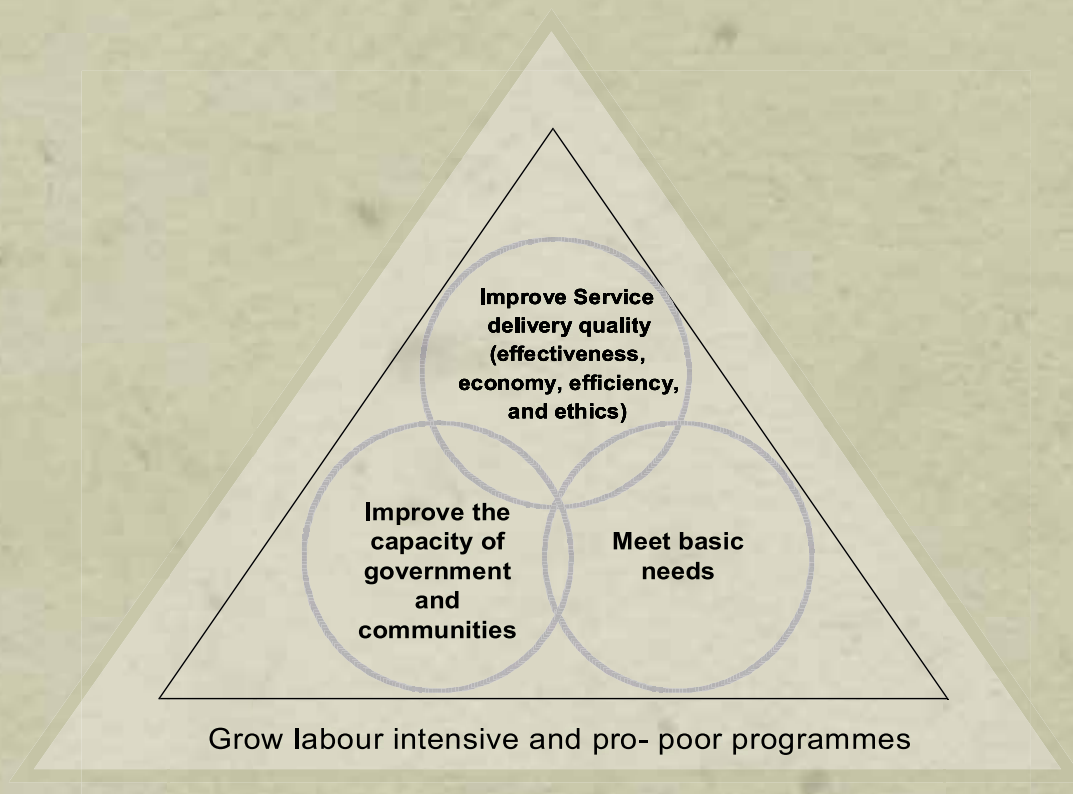
“To be an efficient and democratic institution, able to provide quality and affordable services and promote sustainable development and growth of her citizenry through integrated planning and optimal use of resources, thus creating a better life for all.”

## MISSION STATEMENT

“Senqu Municipality will strive to create a conducive environment for active citizenry in governance, provide efficient and affordable quality services and stimulate economic growth through effective planning and democratic practices.”

## BROAD DEVELOPMENT GOALS

Meeting basic service delivery and access to free basic services  
Institutional Development and Transformation  
Economic Development and Transformation and Growth  
Municipal Financial Viability and Management  
Good Governance

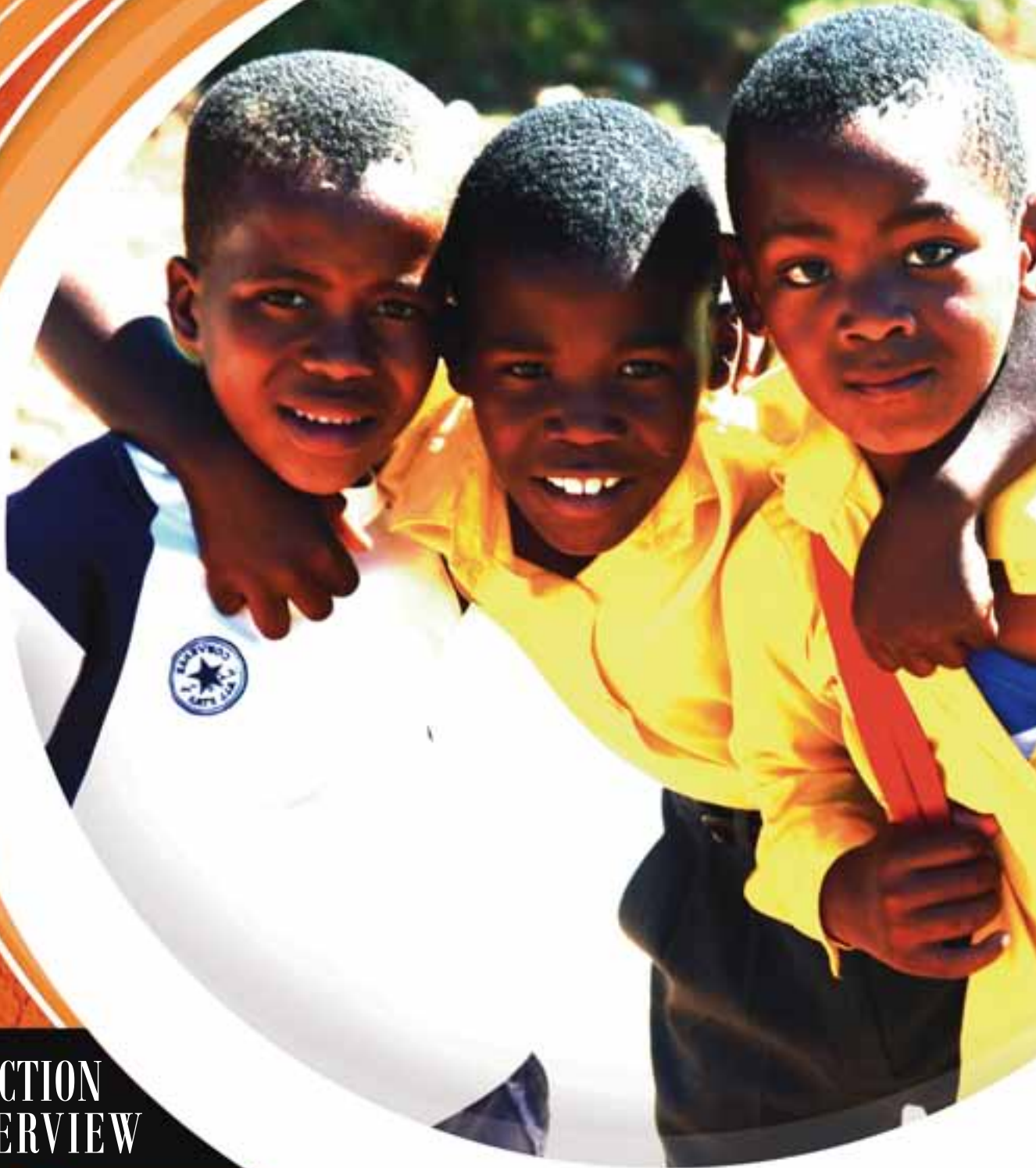




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01



**INTRODUCTION  
AND OVERVIEW**

## MAYOR'S FOREWORD

It gives me great pleasure to be able to present to you Senqu Municipality's Annual Report for the period 2007-2008.

Senqu Municipality has made every effort during this period to focus its priority areas on DPLG's 5-year strategic agenda for Local Government, aimed specifically to improve the performance of South Africa's Municipalities.

The three (3) key priorities (which have been highlighted within this strategic agenda) are reflected on below within the context of the Municipality's functioning and has informed the institutional performance priorities as drawn from the reviewed Integrated Development Plan:

- Improved and enhanced Municipal governance, performance and accountability;
- Addressing the structure and governance arrangements of the Municipality in order to ensure a strengthened and well governed infrastructure and
- Ensuring refinement, strength, regulatory and fiscal policy and application internally in order to ensure greater fiscal management and management of risk.

Accordingly, and as will be seen from the report that follows, targets in line with these objectives have been set and in most cases well achieved.

These targets have included a number of successes, such as:

- Improving Basic Service Delivery and Infrastructure Investment with targets all indicating achievement during 2009;
- Institutionalising Performance Management (already successfully implemented at a s57 Management level);
- Revisiting the organizational structure and filling of vacant posts so as to ensure that the infrastructure meets the needs of the organisation.
- Improvement of Local Economic Development
- Improvement of Financial Viability and Financial Management; and the
- Strengthening of good governance, community participation and ward committee systems.

As per the ANC's Election Manifestos, emphasis has been placed on making "Local Government work better" and this has effectively meant growing and developing Senqu Municipality to reach a stage where it has achieved and obtained all the required and necessary resources to meet the stated objectives and need for growth.

It remains our intention to grow and develop Senqu Municipality so that it becomes strong enough to withstand the local and regional economic impacts and to enable it to adjust to the infrastructure and operational needs, in order that the community needs as identified within the IDP are addressed. As indicated within this report, whilst many of these ideals have been met, challenges continue to develop and grow and it becomes our ongoing mandate to continuously evolve and to develop so as to ensure that we are able to meet our mandates.



Having achieved so much thus far, these achievements were also marred by the sad and untimely death of our fellow Councillor, Speaker, comrade, colleague and friend, Cllr D Mqungquthu. We greatly mourn his sad passing and the loss not only to his family but to Senqu Municipality. His presence will be sorely missed.

May we grow from strength to strength on our never-ending journey of discovery and achievement as we begin to round the corner towards 2010.

A handwritten signature in black ink, appearing to read 'Z I Dumzela', written over a dotted line.

Z I Dumzela  
MAYOR

## MUNICIPAL MANAGER'S REPORT

This past financial year has once again proved to be a time of challenge, opportunity and considerable success in many areas. In all instances, we must be ever mindful of the critical role that is played by the political leaders, management and staff of Senqu Municipality to eliminate poverty and inequities and to provide a preferred place in which to live, develop and grow.

In order to achieve this, a strong administrative arm is required and it is critical that efficient and effective administrative support is present as a core support mechanism (especially to leadership and management).



As far as this is concerned, we have certainly delivered on a number of initiatives that may be seen to have contributed greatly towards stabilizing and strengthening our administration. More specifically, these include the following completed activities and projects :

- Infrastructure development by: extending the municipal offices (plans complete and approved and funding is to be secured);
- Review of the organogram which has resulted in a structure which has the ability to accommodate improved service delivery and which has enabled the appointment of key strategic personnel while providing for succession planning and career path planning. These changes are critical in ensuring that efforts are made to attract and retain staff and to reduce/combat the skills shortage currently experienced.
- The File Management System has been reviewed in order to improve its effectiveness;
- Disciplinary action and activity regarding suspended senior staff has been concluded and disciplinary action and performance problems are being addressed promptly and correctly;
- Equity and other Statutory Reports are being submitted timeously;
- The Workplace Skills Development Plan has both been developed and implemented as required;
- Performance Management is well advanced among s57 staff and evaluations are ratified by the Remuneration Committees and Consultant.
- Performance Agreements are directly linked to the IDP and SDBIP's.
- Vacancies are required to be tightly controlled and filled effectively and correctly
- Departmental Structure Reviews remain an ongoing process to ensure career pathing and further development of staff and
- A Human Resources Turnaround Strategy has been developed and is being implemented.

Notwithstanding these successes, a number of challenges remain and these are outlined further as follows:

- The development and application of a more successful joint venture and participation strategy between Ukhahlamba District Municipality and Senqu Municipality in order to ensure greater participation and involvement;
- The finalisation of the related projects of : TASK Job Evaluation Results and the implementation of the Wage/Salary Curves.
- Turnover of staff and loss of skills;
- Addressing the skills shortages in critical and technical areas by means such as: Conditions of

Service, Performance Management, contract posts and the like. An extensive benchmarking and alignment exercise is still required to be completed for all contract staff;

- Extending PMS to lower levels as part of a phased-in approach and inclusive of rewards and incentives (Finance & Technical);
- On the financial front, the appointment of the PMS Audit Committee, the introduction of an Electronic PMS System linked to SDBIP's and the introduction of more effective monitoring and evaluation systems to ensure the implementation and reporting on financial systems and projects;
- As per the Audit Report, in order to ensure full compliance the mid-year performance report must be included with the Annual Report; similarly, all performance documentation in terms of system/policy/ performance reporting is to be provided to the Auditor General in respect of assessment of Managers (Performance Management); and
- Ensuring ongoing co-ordination and integration within the administration for better services.

Again, I must acknowledge the many men and women at both a political and organization level who continue to serve with the loyalty, commitment and integrity, which enables this organization to achieve and manage challenges as they present. I am ever thankful for your support and look forward to the challenges and opportunities of the 2008/2009 financial year.



M M Yawa  
MUNICIPAL MANAGER



## EXECUTIVE SUMMARY

It is the intention of the Executive Summary to provide you with a statement and account of the overall goals, priorities and direction of this Municipality. In this manner, a clear understanding will be obtained regarding the organizations direction and focus and the manner in which it is intended that this will impact positively on the community. An account of the financial health of this Municipality will also be provided together with a narrative on administrative issues and considerations, which have impact on the overall operations within this Municipality.

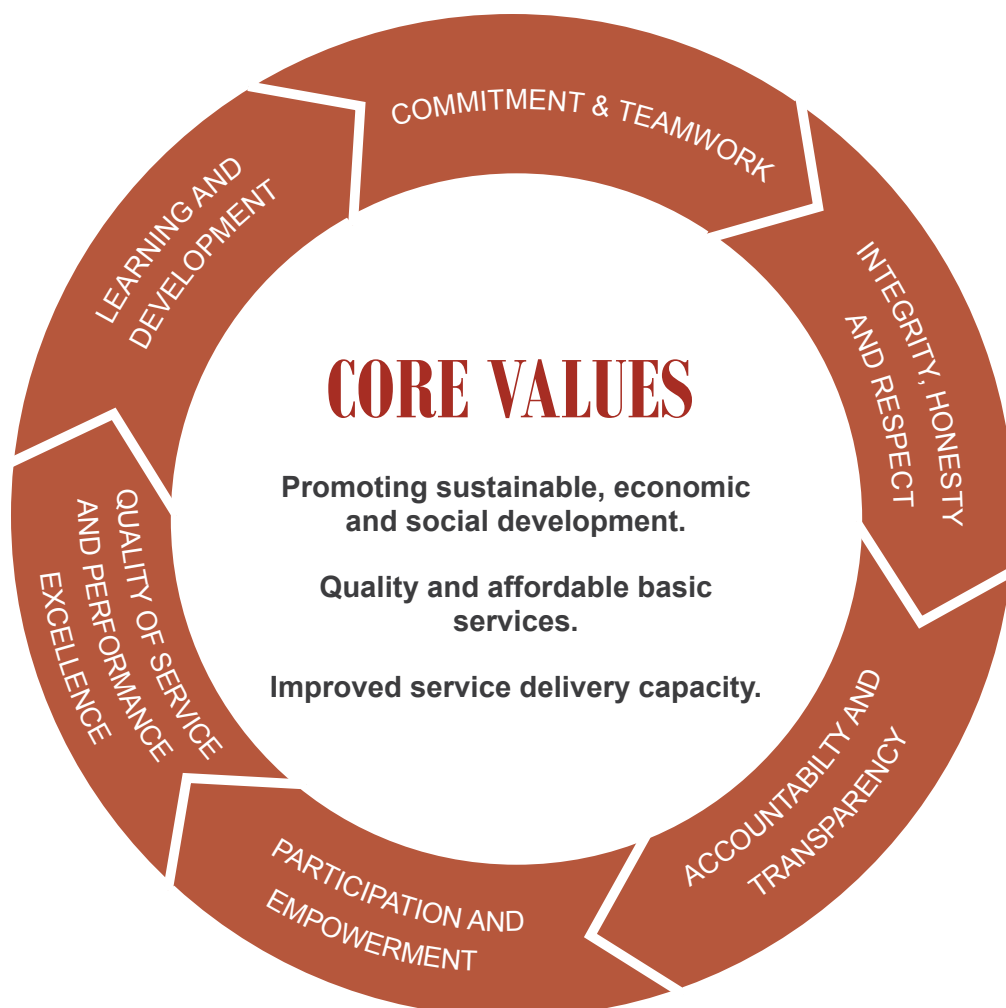
## OVERALL GOALS AND PRIORITIES

As per the overall mission and vision (as reflected on page 2 of this document), it is the overall goal and objective to provide quality and affordable services to all in a manner that allows sustainable development and a better life for the broader community within this area.

Ultimately, this translates more practically into three (3) overall goals for Senqu Municipality, which are in turn underpinned by a number of core values. These goals are reflected in the diagram that follows as the core of Senqu Municipality and surrounding these and part of day to day functioning are the core values.

## CORE VALUES

These core values are required to translate into lived values and are required to resonate in all aspects of service delivery and goal attainment. By giving effect to these values, service delivery must improve and this will lead to improved and more effective quality and affordability of services, while creating opportunities for the promotion of sustainable economic and social development. In this manner the community will benefit at every level, hence achieving the vision and mission of the organisation.



## **KEY PERFORMANCE AREAS**

As per the Integrated Development Plan (IDP), the following Key Performance Areas have been identified as the area of focus for the year under review and will focus on the effective handling of underdevelopment and poverty:

- Good governance and effective administration
- Sustainable infrastructure development
- Sustainable Basic Services
- Economic Development
- Environmental Management
- Social Development
- Financial Viability
- Empowerment of Youth, Women and the Disabled
- Safety and Security

These key performance areas will be addressed within various aspects of the reports which follow.

## **FINANCIAL HEALTH**

The report of the Auditor-General and Audit Response has been included under Chapter 4 of this report.

Notwithstanding the submission of the required financial statements and reporting, certain qualifications were received from the Auditor-General's Report and as per the Audit Response, every effort is being made to ensure that these issues are correctly addressed.

Notwithstanding these issues, Senqu Municipality remains financially viable.

## **ADMINISTRATIVE CONSIDERATIONS**

An efficient and effective administration is critical to ensuring a successful political leadership and is ultimately responsible for assisting in the elimination of poverty and inequalities.

Over the period under review Senqu Municipality has had particular success in stabilising its administration and of particular note have been:

- The review of the organogram and appointment of key personnel;
- The development and implementation of the Workplace Skills Development Plan;
- Departmental structural review and
- The implementation of Performance Management at designated levels.

Notwithstanding, challenges remain and it is imperative that the organisation remains focused and committed towards addressing these challenges and fulfilling ongoing legislative commitments.

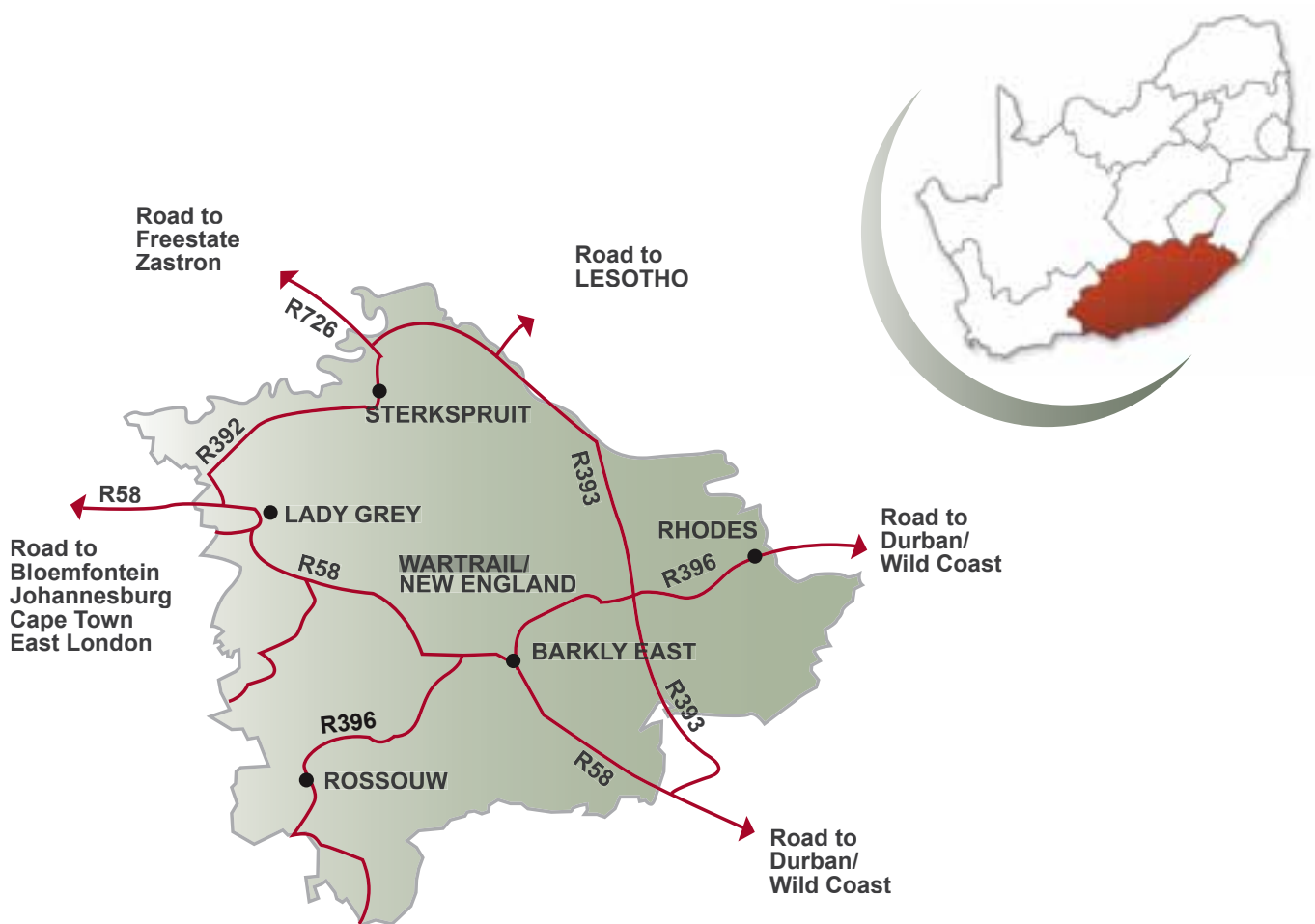
## GEOGRAPHICAL CONTEXT

Senqu Municipality was established during December 2000, as a result of the amalgamation of the following Local Authorities and towns :

Lady Grey (including Transwilger and Kwezi Naledi);

- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit;
- Rhodes (including Zakhile); and
- Rossouw
- Portion of Wodehouse (Dordrecht) and Indwe

Senqu Area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



As the largest Municipality in the Ukhahlamba District Municipality, Senqu Municipality covers an area of 6772km<sup>2</sup>. A unique feature of this Municipality is the fact that it sits on the border between the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing.

Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province.

The R58 and R392 are the key transport routes through this Municipality and these then link onto the N6 at Aliwal North.

## DEMOGRAPHIC

### Population Figures

Senqu Local Municipality has a population of approximately 135 141 people residing in 34 044 households (census 2001). The population has grown relatively fast from 1996 (18 836) to 2001 (135 141) at 84.2%, at an average of 16.8% per annum. This population accounts for 39.59% of the total population residing in the Ukhahlamba District. (Refer to Table 1)

Table 1 : Total population and households figures (2001 census)

NAME	POPULATION	POPULATION AS % OF DISTRICT	POPULATION AS % OF PROVINCE	NO. OF HOUSEHOLDS	HOUSEHOLDS AS % OF DISTRICT	HOUSEHOLD AS % OF PROVINCE
Senqu Municipality	135 141	39.59%	2.10%	34 044	40.20%	2.20%

### Population Projections

Based on the modelling done by the Department of Health (District Health Information System) and using the statistical models provided by StatsSA, the projected population of Senqu Municipality is as follows:

Table 2 : Population Projections

AREA	PROJECTED POPULATION	
	2006	2009
Senqu Municipality	134,924	133,086

While these figures are disputed (even by the Department of Health) who have the best interaction with community-based statistics and who have identified a severe undercounting especially of children), these are taken as to represent Senqu and the Ukhahlamba district area.

It is critical to note that based on current modelling, it is expected that the population will be decreasing in the area due to the affects of out migration, as well as due to the impact of HIV/Aids.

### Rural vs. Urban Population

According to the 2001 Census, 49.6% of households are rural in nature; this includes rural villages and farm households. This dynamic is shifting with the phenomenon of urban in-migration occurring in Senqu Municipality. This is especially evident in the Sterkspruit area, where population has increased from 6181 in 1996 to approximately 110 223 in 2001. This figure will further increase due to the number of houses being built in the area.

NAME	NO. OF RURAL HOUSEHOLDS	% OF TOTAL HOUSEHOLDS	RURAL HOUSEHOLDS AS % OF PROVINCE	NO. OF URBAN HOUSEHOLDS	% OF TOTAL HOUSEHOLDS	URBAN HOUSEHOLDS AS % OF PROVINCE	TOTAL NO. OF HOUSEHOLDS
Senqu Municipality	28 920	49.58%	3.03%	4811	18.24%	0.73%	33731

### Age and Gender

Approximately 53.13% of the municipal population falls in the 15-65 age categories, which can be seen as the economically active sector of the population, with 41% of the population below the age of 15. This suggests continuing population growth in the area with a need for education facilities and a focus on education and skills training.

The table below details the gender split, with 46.85% of the population being male and 53.15% female (Census 2001).

2001		2001	
FEMALE	MALE	FEMALE	MALE
71 834	63 310	10 140	8 696

This may be ascribed to migrant and commuter labour which has resulted in many households having a woman as the head of the household and the chief breadwinner living away from the home. This will also impact on the type of development that may occur, especially with regards to manual labour-type employment.

## Employment and Income

### EMPLOYMENT

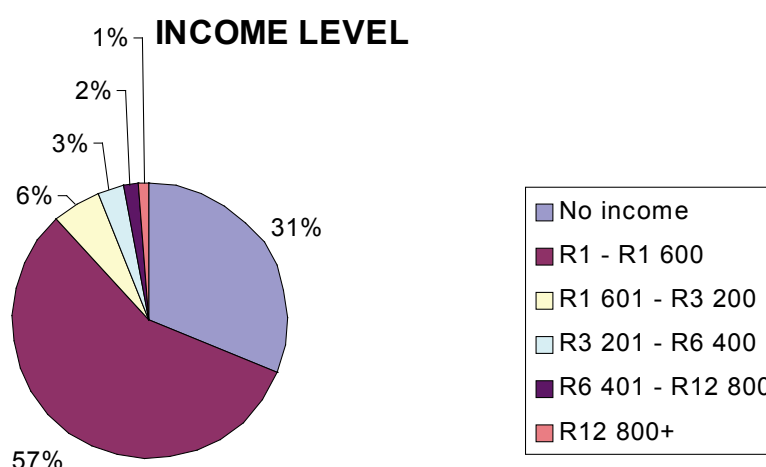
Senqu Municipality's three (3) key economic sectors are Agriculture, Services and Tourism sectors, with the latter, Tourism, having the potential to grow.

According to Census 2001, the average unemployment rate of Senqu Municipality is 32%. This figure only includes those individuals that are actively seeking employment. A total 85% of total workforce in Senqu is inactive. It is therefore imperative that there are strategies to stimulate Local Economic Development.

About 8.28% (about 11 350) of the population is formally employed; about 10.15% (about 13 913) is actively seeking employment. About 38.3% (about 52 500) of the households earn nothing (i.e. unable to report a constant source of income). Approximately 88% of households earn less than R1 500 per month, which is below the Household Subsistence Level of the Province.

### INCOME LEVEL

The data from the Census 2001 revealed that 88% of the households in Senqu Municipality earn below R1 500 per month. This has implication with regard to affordability of services and the sustainability of these services. Many people are dependent on social grants.



### Employment Sectors

In general, skills levels are low throughout the district, with the majority of residents reliant on government/community services for employment or primary economic activities such as Agriculture. These two (2) sectors employ 69% of the formal workforce.

## Occupational Skills Levels

About 39% of Senqu Municipality workforce is made up of elementary or unskilled workers, the largest percentage in the district. Senqu Municipality has low levels of senior management and technical staff, 3% and 4% respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes.

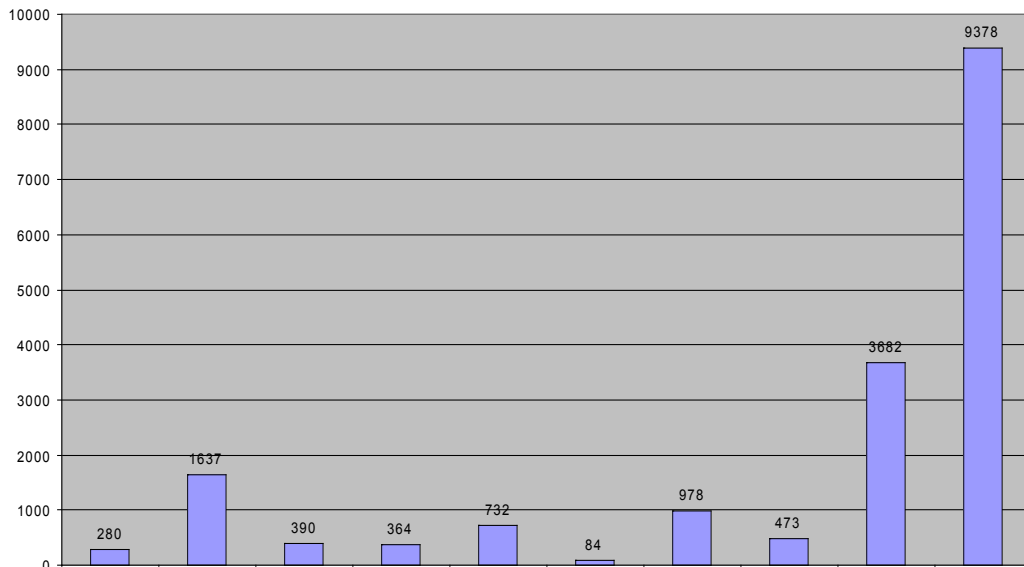


TABLE INDICATING SKILLS (OCCUPATION) SOURCE

## Employment

It is estimated that :

- 13% of population formally employed
- 18% actively seeking employment
- 17% households have no steady income
- 83% of remaining households earn less than R1 600 per month

Note : This figure is below the Household Subsistence Level for the Province.

## GOVERNANCE AND ADMINISTRATION STRUCTURE

### A. POLITICAL STRUCTURE

As per Municipal Structures Act 1988, Senqu Municipality has a Collective Executive System.

As a democratically elected Category B Municipality, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Senqu Municipality was established as a Collective Executive Type.

MAYOR



EXECUTIVE COMMITTEE (6 COUNCILLORS INCLUDING MAYOR)



EXECUTIVE COMMITTEE FROM LEFT TO RIGHT:  
Cllr Vuyani Mbulawa, Cllr Phumla August, Mayor Cllr I Dumzela, Cllr Mbulelo Mafilika, Cllr Nomathemba Kuse  
*Absent Cllr GN Mbonzana*

#### Executive Committee

CHAIRPERSON: Mayor, Cllr I Dumzela  
Cllr C C Mbulawa  
Cllr P August  
Cllr G N Mbonzana  
Cllr M M Mafilika  
Cllr N Kuse

SPEAKER: Cllr D Mqungquthu (deceased)

CHIEF WHIP: Cllr Mafilika

#### Ward Committees

Sixteen (16) Ward Committees have been established, as a result of s72 – 78 of the Municipal Structures Act. Each Committee is chaired by its respective Ward Councillor.

Ward Committees exist in order to provide a legitimately recognised forum. Submissions to Council are made via

the respective Ward Councillor. In this manner, a consultative community structure is created and maintained.

### **Standing Committees**

Standing Committees have been created in accordance with s79 and s80 of the Municipal Structures Act (Act 32 of 2000) and s160 of the Constitution.

Standing Committees have been created in order to assist the Mayor and Council in order to be better informed about issues requiring Council input and decision making. Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments/sections that they represent within these Ward Committees. This process enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections and ensure that Council is able to make informed decisions within these areas.

The following Standing Committees have been established:

- Housing & Estates
- Budget & Treasury Office
- Corporate and Support Services
- Community and Social Services
- Technical Services

Standing Committees are chaired by Mayoral Committee members and include members from political parties.



## MEMBERS OF STANDING COMMITTEES :

### Housing & Estates

CHAIRPERSON: Cllr Mafilika  
COUNCILLORS: M Mpelwane  
L Tokwe  
J Lamane  
A Sobhuza

### Budget & Treasury Office

CHAIRPERSON: Cllr Kuse  
COUNCILLORS: M Stanley  
J Constable  
A Mateisi  
N Kwinana

### Corporate & Support Services

CHAIRPERSON: Cllr V Mbulawa  
COUNCILLORS: I Elia  
L Booï  
N Nombula  
M Ncise

### Community and Social Services

CHAIRPERSON: Cllr G Mbonyana  
COUNCILLORS: A Kwinana  
M Ngendane  
M Bingwa  
B Juju

### Technical Services

CHAIRPERSON: Cllr August  
COUNCILLORS: G Parkies  
S Ndzongana  
G Mvunyiswa  
M Moeletsi

There are 32 Councillors in total. These are made up of 16 Ward Councillors and 16 Party Representatives.

## B. ADMINISTRATIVE STRUCTURE

Four (4) departmental heads report to the Municipal Manager as follows:



Mr Yawa, Municipal Manager



Mr C Venter  
Chief Financial  
Officer



Mr R Crozier  
Technical Services  
Manager



Ms M Theron  
Acting Corporate  
Services Manager



Ms Gologolo  
Community Services  
Manager

Each department develops annual strategic service delivery and budget implementation plans, which are based on annual objectives to ensure that IDP objectives are met as required.

It is the task of this administrative team and its support staff to ensure that they provide the necessary administrative support and structure in order to ensure that the organisational strategic objectives are met.

### Functional Structure

#### MUNICIPAL MANAGER

#### CHIEF FINANCIAL OFFICER

- Administration
- Procurement
- Human Resources
- Skills Development
- Council Support
- Legal Support
- Organisational Development and Performance
- Housing

#### TECHNICAL SERVICES MANAGER

- Income
- Accounting
- Expenditure
- Budget
- Management Programmes
- Information Technology

#### CORPORATE SERVICES MANAGER

- Water & Sanitation Services Provider
- Roads
- Electricity
- Integrated Development Planning
- Sanitation
- Town Planning
- Building Control
- Spatial Development

#### COMMUNITY SERVICES MANAGER

- Social Development
- Environmental Management Programme
- Tourism
- Business Development
- Agriculture Development
- HIV and Aids
- Solid Waste

## C. THE INTEGRATED DEVELOPMENT PLAN IDP

In accordance with Section 34 of the Municipal Systems Act (Act No 32 of 2000), together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No R796/2001, Senqu Municipality completed its first IDP in 2002 – then and then again in May 2006, whereafter it was reviewed annually.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality initiated the review of the IDP during October/November 2007 run in conjunction with the 2007/2008 budget process, as is required by the new Municipal Finance Management Act.

The key themes arising out of these strategic meetings and outreach programmes and informing the development of the IDP Review (2007/2008) were a focus on service delivery, including the way existing services are delivered and maintained, with emphasis on the following focus areas:

- Institutional Capacity
- Institutional Restructuring
- Water and Sanitation
- Addressing HIV/AIDS
- Stimulation of the economy with emphasis on agriculture
- Roads & Stormwater
- Electricity Provision and
- Housing Provision and Acquisition of Land.

### **Role of Integrated Development Planning in Municipal Activities**

Service delivery and effective administrative and operational functioning within a municipality requires synergy and management between three essential tools, namely:

- a development plan;
- a budget; and
- a performance management system, which will ensure ongoing monitoring and management of processes, systems and operations.

These three tools are interrelated and no single one of these can operate effectively without the other.

Within the context of a municipality, the IDP represents the tool which drives the organization in terms the final delivery of a strategic plan and objectives. These plans and strategic objectives form the foundation of discussions to establish an appropriate budget which will facilitate the achievement of these strategic goals through adequate planning and provision of required resources. As enablers, the Performance Management System (PMS) and the Service Delivery Budget Implementation Plans (SDBIP), provide the focal source of management, implementation and monitoring --- thereby facilitating achievement and attainment of goals.

Use of these tools as critical enablers to this process will ensure that: the budget is implemented, performance of the municipality is monitored and that the strategic objectives of Council are met.

### **The IDP Process**

Guidelines in the development of the IDP have been provided by the Dept of Provincial and Local Government and this process involves 5 distinct phases, namely: Analysis, Strategies, Project Formulation, Integration and Approval. These phases are illustrated in the diagram that follows.

While the guides generally represent this process as a systematic process of IDP preparation, day-to-day reality within the Senqu Municipal environment has required that many discussions occur amongst all stakeholders and this process is then defined over time (constantly shaping and reshaping) until consensus is reached. The

final approved IDP document is also modified over time in order to acknowledge various external and internal factors as they impact on and reshape strategic focus over time. The IDP ultimately reflects as a living document that is required to respond to changes in the development environment over time.

<b>PHASE 1 ANALYSIS</b>	Meeting with community and stakeholder representatives. Agreeing on priority issues.
<b>PHASE 2 STRATEGIES</b>	Agreeing on the vision. Debate and decision-making on appropriate objectives and strategies.
<b>PHASE 3 PROJECTS</b>	Formulation of project proposals
<b>PHASE 4 INTEGRATION</b>	Screening, adjusting, consolidating and agreeing on project proposals. Compilation of integrated programmes
<b>PHASE 5 APPROVAL</b>	Inviting and incorporating comments. Adoption by the council.

Figure 1.1: The Generic IDP Process

### Preparation: IDP Planning

The planning and development of the IDP requires the development and interaction of the following structures – each with their specific role and responsibility within this process:

- IDP Manager
- IDP & Budget Steering Committee
- IDP & Budget Representative Forum
- IDP & Budget Technical Committee

#### IDP Manager

The Municipal Manager is required to perform the function of the IDP Manager at a strategic level and this is legislated in terms of Municipal Systems Act.<sup>1</sup> Their chief role and responsibility is to ensure the overall co-ordination and management of the IDP process and to submit the draft IDP Plan to the municipal council for adoption by Council.<sup>2</sup> While the Municipal Manager has the function as defined in the Act, the Chief Financial Officer and the IDP and Budget Officer have been delegated with the functional activities of preparing this document.

#### IDP & Budget Steering Committee

For the past 5 years, Senqu Municipality has formed part of the Ukhahlamba District Municipality IDP Steering Committee.

For the purposes of compilation of our IDP document, it was agreed that all Heads of Departments and the Executive Committee would serve on the IDP & Budget Steering Committee.

STRUCTURE	MEMBERS	TERMS OF REFERENCE
<b>IDP &amp; Budget Steering Committee</b>	Chair: Mr. M.M. Yawa (IDP Manager/ Municipal Manager)  Secretariat: Mr. S. Faku (IDP & Budget Officer)  Composition: Section 57 Managers, all senior staff and departmental secretaries  Executive Committee members	<ul style="list-style-type: none"> <li>• Provide ToR for various planning activities</li> <li>• Commissions research studies</li> <li>• Considers and comments on:               <ul style="list-style-type: none"> <li>• inputs from sub-committee study teams and Service Providers</li> <li>• inputs from National &amp; Provincial departments and support providers</li> </ul> </li> <li>• Processes, summaries and documents inputs</li> <li>• Makes content recommendations</li> <li>• Prepares, facilitates and documents meeting</li> </ul>

### IDP & Budget Representative Forum

Senqu Municipality IDP & Representative Forum permits any organisations/institution/individual to become part of its IDP & Budget Representative Forum providing the following criteria are met: -

- Individuals have required expertise and experience;
- Organisations/institutions have local representation;
- Representatives of the Ukhahlamba District Municipality
- Ward Councillors;
- Provincial sector departments; and
- Parastatals

The Representative Forum serves as an ad hoc institutionalised body for public representation to ensure the following: –

- Representation of interests of constituencies;
- Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders;
- Communication between all the stakeholders' representatives; and
- Monitoring of the performance of the planning and implementation process.

The following sets out the structure and responsibilities of the Senqu Representative Forum: -

STRUCTURE	MEMBERS	TERMS OF REFERENCE
<b>IDP &amp; Budget Rep Forum</b>	Chair: Mayor: Cllr Dumzela  Secretariat: S. Faku  Composition: <ul style="list-style-type: none"> <li>• All councillors</li> <li>• HODs</li> <li>• Ward committees</li> <li>• CDWs</li> <li>• Stakeholder representatives of organized groups</li> <li>• Community representatives</li> <li>• Reps from Sector Departments</li> <li>• Advocates for unorganized groups</li> </ul>	<ul style="list-style-type: none"> <li>• Represents interests of their constituencies in the IDP processes</li> <li>• Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government.</li> <li>• Monitor performance of the planning and implementation processes</li> <li>• Participates in the process of setting up and monitoring KPIs in line with the Performance Management Manual.</li> </ul>

## Participation Strategy

All stakeholders were provided with an opportunity to participate in all the phases of the IDP process. To ensure effective participation the following structures were entrusted with the following tasks: -

- Municipal Manager: Co-ordinate participation by all structures;
- Council – To ensure the democratic involvement of people in governance;
- IDP & Budget Steering Committee – Serve as a resource to the representative forum by advising and integrating the forum inputs;
- IDP & Budget Representative Forum – Serve as a public forum for debates where various interest groups have the opportunity to influence Municipal planning decisions; and
- Ward Committee Meetings to obtain local needs and priorities.

Over time agreement was reached with the Ukhahlamba District Municipality to enhance public participation within the area of jurisdiction of Senqu Municipality. Within the District Mayors Forum (2006/2007), it was discussed and agreed that a joint public participation approach would be followed whereby the District would attend selected ward committee meetings in support of local initiatives and outreaches.

Despite this approach not achieving the degree of success originally planned, it did facilitate the flow of information between the local and district spheres, and the submission of development needs from Wards to the Municipality.

## IDP Process

The following process was followed in the formulation of Senqu Municipality's IDP.

### PHASE 1: ANALYSIS

The IDP process was initially designed to involve a simultaneous analysis of both local and district municipal issues and this was intended to enable Local Municipalities to formulate a "birds eye" perspective of the existing situation within the broader District perspective. For various reasons the District Municipality undertook the majority of this analysis and the analysis of the area. Nevertheless, localised priority needs as well as emerging issues faced by Senqu Municipality were discussed within the Representative Forum meetings.

### PHASE 2: OBJECTIVES AND STRATEGIES

Objectives and strategies were discussed within the Representative Forum meetings as well as among the political leadership of the district and it was felt that there was no real change to the higher-level strategies for development of the district area or in our area. Issues such as forestry, community capacitating, involvement of sector departments, and broader agrarian developments were included in the higher-level strategies.

From a timing perspective, certain administrative and political processes overtook plans for workshops during this phase of the process, and this negatively affected the planning agenda. Participation in the District's Growth and Development Summit and Provincial IDP Engagement Week also took focus away, but this was complimentary to the IDP process and the outcomes of the Summit (in the form of the GDS Agreement) have been incorporated into the strategic framework of our IDP.

### PHASE 3: PROJECTS

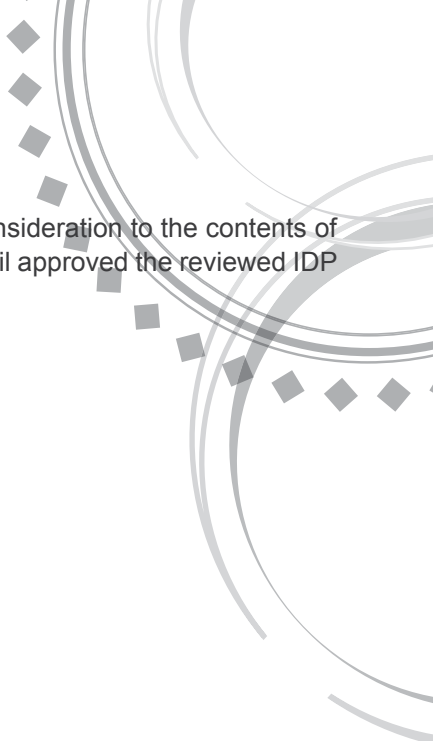
Having identified strategies, objectives and key performance indicators, project teams developed project outlines.

### PHASE 4: INTEGRATION

The projects were analysed to assess their relationship to the strategic objectives, targets and strategies, sectoral programmes and alternative funding sources. Various broad programmes were devised to cluster projects and the integration documentation formulated for discussion with government departments, agencies, Parastatals and funders.

PHASE 5: APPROVAL

Following publication of the draft IDP for public comment, the Council will give consideration to the contents of the plan and the comments of the representative forum and general public. Council approved the reviewed IDP in April 2008.



Footnotes

- 1 Section 30 (b) of the Municipal Systems Act, Act No. 32 of 2000
- 2 Section 30 (a) – (c) of the Municipal Systems Act, Act No. 32 of 2000

02



PERFORMANCE HIGHLIGHTS  
ON SERVICES DELIVERED AND  
SERVICE DELIVERY APPROACH



## PERFORMANCE HIGHLIGHTS

Senqu Municipality is involved in the provision of many and varied services to its community. At times these services are provided independently and in other instances, service provision is completed together with other organisations; spheres of government; businesses; and/or non-governmental organisations.

This chapter will highlight the services provided by the various departments of Senqu Municipality and will discuss these within the following tables provided :

### A. MUNICIPAL MANAGER'S OFFICE

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>COMMUNICATIONS &amp; CUSTOMER RELATIONS</b>	<ul style="list-style-type: none"> <li>Improve customer relations and communication</li> <li>Customer satisfaction survey</li> <li>Engage with local communities as to their satisfaction with services rendered by the Municipality (Mayoral outreach programme)</li> <li>Develop a Communication Plan &amp; Implementation of communications strategy</li> </ul>	<ul style="list-style-type: none"> <li>Suggestion boxes placed at buildings in the units – near pay points</li> <li>Customer care survey</li> <li>Planned to undertake Customer Satisfaction Survey</li> <li>Currently through Mayoral Outreach Programmes</li> <li>Engage Communities whilst Undertaking IDP review /budget process</li> <li>Planned to develop Communication Plan &amp; strategy</li> </ul>	<ul style="list-style-type: none"> <li>Customer relations needs to be filtered throughout the organisation</li> <li>Dedicate staff to the function</li> <li>Planned survey to be included in the Bulling accounts</li> <li>Established Mayoral Outreach Programmes</li> <li>In progress to be completed in 2009</li> </ul>
<b>IDP</b>	<ul style="list-style-type: none"> <li>Utilise the municipality's website as an information, education and marketing portal</li> <li>Strategic Management &amp; Implementation of integrated IDP</li> <li>Approved IDP and Budget policy</li> <li>Strategically manage timeous implementation of projects and expenditure control</li> </ul>	<ul style="list-style-type: none"> <li>Communications strategy to be implemented</li> <li>Well marketed and effective internal and external communication</li> <li>Undertake IDP review /budget process</li> <li>IDP developed and reviewed annually</li> <li>Budget Policy Approved</li> <li>Plans aligned to budget and SDBIP'S.</li> <li>Timeous Planning to enhance implementation of and financial expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Not being able to reach all communities in the medium and language of choice.</li> <li>The high costs of printing and advertising which limits the production of publications and adverts.</li> <li>Funding Constraints</li> <li>Achieved</li> <li>SDBIP'S - Quarterly reporting</li> <li>Implement Planning Programme and Improve on implementation processes</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>IDP PLANNING AND PROJECT MANAGEMENT AND IMPLEMENTATION</b>	<ul style="list-style-type: none"> <li>Strategically management &amp; Planning of all projects - timeous implementation of projects and expenditure control</li> </ul>	<ul style="list-style-type: none"> <li>Improve service delivery and Financial viability and growth for Municipality</li> </ul>	<ul style="list-style-type: none"> <li>SDBIP'S - Quarterly reporting</li> <li>Intervention and mentoring strategies to be put in place</li> </ul>
<b>LED</b>	<ul style="list-style-type: none"> <li>Economic growth and development</li> </ul>	<ul style="list-style-type: none"> <li>Create an enabling environment for economic growth and development</li> <li>Implement LED Strategy</li> <li>Implement skills audit municipal wide and put in place development plans plan to enhance job opportunities, investment and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>LED Strategy in place</li> <li>Requires implementation</li> <li>Skills audit to be undertaken</li> </ul>
<b>HOUSING</b>	<ul style="list-style-type: none"> <li>Strategically manage Delivery of Housing opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of Housing Policy and provision of low costs Housing through costs subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring Implementation housing delivery strategy</li> <li>Implement interventions / strategies to Overcome Challenges facing housing delivery</li> </ul>
<b>PERFORMANCE MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Strategic Management &amp; Implementation of institutional scorecard</li> <li>PMS Scorecards populated and agreements developed</li> <li>PMS system developed (per Performance regulations promulgated August 2006</li> <li>PMS Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Plans to implement</li> <li>Developed and populated S57 phase-in system to broader spectrum of employee</li> <li>Scorecards are aligned to IDP , budget and SDBIP'S</li> <li>System in place PMS Policy Developed/requires review</li> <li>Planned phased-in approach to middle management levels</li> <li>Not appointed currently</li> </ul>	<ul style="list-style-type: none"> <li>UKDM appointed Siseko Consulting to implement District wide Institutional Scorecards</li> <li>Grants received from MSP and Provincial Government for PMS</li> <li>Funding remains a constraint</li> <li>Capacity remains a constraint</li> <li>Scorecards are aligned to IDP, budget and SDBIP'S</li> <li>PMS currently being phased in at middle management level PMS agreements and scorecards being developed and will be completed by June 2009</li> <li>PMS Policy to be customized and reviewed /incentive</li> <li>Internal Audit Committee nominated Cllr/s &amp; External Consultant on PMS Audit Committee</li> <li>Formal PMS audit committee to be established</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>CORPORATE GOVERNANCE &amp; PUBLIC PARTICIPATION</b>	<ul style="list-style-type: none"> <li>• Ensuring that Governance issues are processed correctly</li> <li>• Implement Plan for good governance</li> <li>• Internal Controls</li> <li>• Codes of Conduct</li> <li>• Implementation of Delegation Register – roles and responsibilities</li> <li>• Risk Management Plans</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Internal Audit Committee to enhance internal Controls and receive improved Audit report</li> <li>• Develop Remuneration Policy and appoint remuneration committee</li> <li>• Establish Register of Interest</li> <li>• Presented to staff and Councillor</li> <li>• Improved organizational efficiency</li> <li>• Fraud Prevention Policy</li> <li>• Anti –Fraud and Corruption Measures to be introduced</li> </ul>	<ul style="list-style-type: none"> <li>• Established</li> <li>• Policy in Place and Committee</li> <li>• Established and appointed</li> <li>• Established</li> <li>• Continuously</li> <li>• Developed /workshopped and adopted by council</li> </ul>
<b>PUBLIC PARTICIPATION</b>	<ul style="list-style-type: none"> <li>• Compliance with statutory requirements for participatory democracy and ethical standards</li> <li>• Implement meeting control document (chapter 4 of the systems Act)</li> <li>• Functional ward committees</li> </ul>	<ul style="list-style-type: none"> <li>• Implement control document on meeting requirements in terms of chapter 4 of the systems Act Plan for</li> </ul>	<ul style="list-style-type: none"> <li>• Policy in Place requires proper implementation and measures to be introduced In Progress</li> <li>• Control document in place</li> <li>• Enhancing Community participation s by Engaging communities through Mayoral Outreach Programmes whilst Undertaking IDP review /budget process</li> <li>• Functional ward committees in place &amp; trained</li> <li>• Compliance in regards to statutory requirements for democracy &amp; ethical standards</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>GENERAL ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>Annual report/ Oversight and Mid- Year Performance reports submitted as a legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance and accurate reference material</li> <li>Compliance with relevant legislation</li> </ul>	<ul style="list-style-type: none"> <li>Approved Annual and Oversight report by legislated timeframe</li> <li>Compliance met in regard to submission of Annual and Oversight report</li> <li>Mid year Performance reporting – not complied to – to meet in 2009</li> </ul>
<b>ORGANIZATIONAL RESTRUCTURING/ RATIONALIZATION &amp; OTHER ORGANIZATIONAL MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Reviewed and approved Organogram</li> <li>Efficient organizational structure</li> <li>Stabilization of Administration</li> <li>Strategic management of Contracts and agreements, plans and Policies</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of Key personnel to contribute to improved service delivery</li> <li>Retention strategy / Policy to be developed</li> <li>Finalization of TASK Job Evaluation to Process</li> <li>Interventions to ensure functional Administration and HR</li> <li>Legal compliance Review and update contracts agreements, Plans and Policies</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed annually</li> <li>Plans in place to address skills shortages and to deal with exodus of skilled staff retention / scarce skill</li> <li>Implementation by SALGBC to be finalized</li> <li>Turnaround strategies to be put in place</li> <li>Capacity Building Programmes introduced</li> <li>All contracts Plans and key HR Polices are reviewed and Place - Planned for 2009</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>SOUND FISCAL MANAGEMENT/ MUNICIPAL FINANCIAL VIABILITY</b>	<ul style="list-style-type: none"> <li>• Employment Equity Plan &amp; Policy and reporting</li> <li>• SWP Plan &amp; reporting and development &amp; Training</li> <li>• Institutional compliance with MFMA (Act No 56 of 2003) and other accounting practices</li> <li>• Monitor and manage targets set for income and expenditure control</li> <li>• GAMAP/GRAP</li> <li>• Financial Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Equity Plan and Policy in place and reviewed annually</li> <li>• Reporting to EE registry by 1 October</li> <li>• Procurement of Staff in terms of Recruitment &amp; Selection Policy and EE plan &amp; Policy</li> <li>• Legal Compliance</li> <li>• Legal Compliance</li> <li>• Reduce risk</li> <li>• Financial Viability</li> <li>• Legal Compliance</li> <li>• GAMAP / GRAP preparation FOR 2009</li> <li>• Legal Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance met legislatively Equity report submitted to Equity Registry within required timeframe</li> <li>• Compliance in terms of Appointments</li> <li>• Compliance met – appointments approved by MM &amp; S57 by council</li> <li>• Reporting Complied with - Development programmes in place</li> <li>• Planned implementation of Risk profile /implementation risk Plan and annual overview on risk management</li> <li>• Establish baseline to determine financial viability and monitor viability in respect of debt coverage and expenditure control – put in place strategy to resolve</li> <li>• Planned to put in place - Revenue enhancement strategy to be put on place</li> <li>• Exception granted until 2009</li> <li>• Achieved – required to be reviewed per operational requirements</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>BASIC SERVICE DELIVERY</b>	<ul style="list-style-type: none"> <li>• Strategic Management of basic service delivery/ provision</li> <li>• Access to free basic services</li> <li>• Ensuring sustainable service delivery Monitor and manage targets set for income and expenditure control</li> <li>• 65 % of households have access to basic levels of water</li> <li>• 80% households have access to basic levels of sanitation</li> <li>• 80% households have access to basic levels of Electricity</li> <li>• 40% households have access to basic levels of solid waste</li> <li>• Strategic Management of Project implementation</li> </ul>	<ul style="list-style-type: none"> <li>• 90% of households have earning less than R 1600 pm have access to free basic services</li> <li>• Update database</li> <li>• Compliance with national directives</li> <li>• Improved Health safety, quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance met legislatively</li> <li>• Monitoring Mechanisms and systems to correct deficiencies in place</li> <li>• Database to be updated</li> <li>• Achieved in 2009</li> <li>• Achieved in 2009</li> <li>• Achieved in 2009</li> <li>• Achieved in 2009</li> </ul>

## B. CORPORATE SERVICES

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>ADMINISTRATION &amp; COUNCIL SUPPORT</b>	<ul style="list-style-type: none"> <li>• Administer all support services for Council and EXCO Meetings</li> <li>• Intra-departmental support and liaison to be more structured</li> <li>• Receive all legal agreements from other departments and keep on record. Review rental agreements including MPPC buildings</li> <li>• Review filing system</li> <li>• Review of HR Policies</li> <li>• Telephone management system to be sourced</li> </ul> <p><u>Schedule of Council meetings</u></p> <ul style="list-style-type: none"> <li>• Standing Comm.</li> <li>• EXCO</li> <li>• Council</li> <li>• Organized system of Council Support required</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Ongoing</li> <li>• Ongoing</li> <li>• Awaiting approval from Provincial Archives</li> <li>• Reviewed policies approved at a Council Meeting held on 25 September 2007</li> <li>• Tenders were received and services provider appointed</li> <li>• Council approved schedules of meetings, including deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/notices</li> </ul>	<ul style="list-style-type: none"> <li>• This function is performed very well.</li> <li>• Staff shortages within Corporate Services Department</li> <li>• Centralization of all contracts and agreements</li> <li>• Congested archives. Until approval of file plan is received, no files may be destructed</li> <li>• Proper implementation of policies still remains a challenge</li> <li>• An effective and efficient communication infrastructure remains a challenge to management in order to facilitate business objectives</li> <li>• Abuse of telephones – planned policy and intervention put in place to control telephone abuse</li> <li>• Meetings conducted as scheduled</li> </ul>
<b>HILLSIDE HOUSING PROJECT - 600</b>	<ul style="list-style-type: none"> <li>• 603units have been complete</li> <li>• Bridge that was washed away by rainstorms has been constructed</li> </ul>	<ul style="list-style-type: none"> <li>• The project is running smoothly ever since we have appointed Y Mkhaza Construction</li> <li>• Plans in place to rectify defects</li> </ul>	<ul style="list-style-type: none"> <li>• Defects to some of the houses are still a challenge</li> </ul>
<b>KWEZI-NALEDI LADY GREY HOUSING PROJECT – 1000 UNITS</b>		<ul style="list-style-type: none"> <li>• 90% Complete</li> <li>• 18 Units to be constructed</li> <li>• Shortage of material</li> <li>• Project was blocked for 5 months due to time delay in receiving top-up funding</li> </ul>	<ul style="list-style-type: none"> <li>• Shortage of funds</li> <li>• Lack of access road in the area</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSSES	CHALLENGES AND OPPORTUNITIES
<b>HERSCHEL HOUSING PROJECT – 700 UNITS</b>		<ul style="list-style-type: none"> <li>• 505 Houses completed</li> <li>• Township establishment has been submitted to Bhisho for approval</li> <li>• Beneficiary occupancies at 497</li> </ul>	<ul style="list-style-type: none"> <li>• Defect to some of the houses</li> <li>• Access road in the area</li> <li>• Awaiting township establishment approval</li> <li>• 8 Houses not yet allocated to the beneficiaries because of vandalism</li> </ul>
<b>RHODES – RENOVATION OF 30 RDP UNITS –</b>		<ul style="list-style-type: none"> <li>• NHBRC have appointed a Contractor to rectify those houses</li> <li>• Poor workmanship and lack of commitment by the contractor</li> <li>• Defects were identified and submitted to the NHBRC</li> </ul>	<ul style="list-style-type: none"> <li>• Still waiting the response from NHBRC</li> <li>• Availability of land</li> </ul>
<b>RENOVATIONS – 200 RDP UNITS – HERSCHEL/ ORANGE FONTEIN</b>		<ul style="list-style-type: none"> <li>• All 200 units have been rectified by the District</li> <li>• 169 Original Title Deeds</li> </ul>	<ul style="list-style-type: none"> <li>• Defects to some of the houses</li> <li>• Access road in the area</li> <li>• 31 Transfers still outstanding</li> </ul>



## C. COMMUNITY SERVICES

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>LIBRARY SERVICES</b> <b>R490 000</b> <b>Libraries</b>	<ul style="list-style-type: none"> <li>Provide reading and study material to communities and to promote the culture of reading amongst the youth</li> </ul>	<ul style="list-style-type: none"> <li>Library material purchased – this includes computers for Sterkspruit, Lady Grey and Barkly East.</li> <li>Installation of electricity at Sterkspruit</li> </ul>	<ul style="list-style-type: none"> <li>Book fares arranged by Dept of Sports, Arts and Culture for purchasing of books.</li> <li>Visits done to rural areas to distribute books but lack of vehicle in library poses as a challenge.</li> <li>Books not circulating between libraries. These become old and stagnant.</li> <li>No modern equipment available such as computers, music, centres, e-mails, etc.</li> </ul>
<b>COMMUNITY HALLS &amp; FACILITIES</b> <b>R2 047 900</b>	<ul style="list-style-type: none"> <li>Provision of new facilities in rural areas and maintenance of existing facilities</li> </ul>	<ul style="list-style-type: none"> <li>Renovation of Transwilger Hall at Lady Grey completed</li> <li>Establishment of two rural community halls at Majuba and Tapoleng out for tender and started, but not completed</li> </ul>	<ul style="list-style-type: none"> <li>Handing over of completed multi-purpose centres</li> <li>Multi purpose centres not completed due to financial constraints</li> </ul>
<b>SPORTSFIELDS</b> <b>R716 625</b>	<ul style="list-style-type: none"> <li>To provide basic sports and recreation facilities within the whole of Senqu</li> <li>To upgrade existing sportsfields</li> </ul>	<ul style="list-style-type: none"> <li>Repairs and maintenance of sportsfields ongoing</li> <li>Levelling and planting of grass at the Lady Grey and Barkly East facilities</li> <li>104 012m<sup>2</sup> grass cut including cemeteries and side walks</li> </ul>	<ul style="list-style-type: none"> <li>Vandalism of Patrick Shibane Sports Complex at Sterkspruit</li> <li>Vandalism at the Barkly East sportsfield</li> <li>Assistance from the sport Council inadequate</li> </ul>
<b>TOURISM</b> <b>R700 000</b>	<ul style="list-style-type: none"> <li>To provide safe, sustainable and equitable amenities to all citizens in order to draw tourists to the region</li> </ul>	<ul style="list-style-type: none"> <li>Senqu Tourism established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit</li> </ul>	<ul style="list-style-type: none"> <li>No clear indications as to how much the previously disadvantaged communities have developed - appears to be helping already established facilities</li> <li>Township tourism not yet well established although initiatives towards that started.</li> <li>The top location could prove a tourists attraction but no funds are available to restore</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p><b>LOCAL ECONOMIC DEVELOPMENT</b> <b>R2 267 620</b></p>	<p>To stimulate economic growth through</p> <ul style="list-style-type: none"> <li>• SMME development</li> <li>• Capacity building</li> <li>• Formulation of economic development strategy</li> <li>• Facilitate and promote investments</li> <li>• Mobilise development stakeholders</li> <li>• Collect development information and research</li> <li>• Develop sector plans, e.g. agriculture, tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting maize and wheat</li> <li>• LED Phase 1 Kwezi Lokusa Textile funded by DHLG &amp; T 8 Beneficiaries – manufacturing of clothing, bags, carpets, etc.</li> <li>• Rossouw Agricultural Project funded by DHLG &amp; Traditional Affairs. Fence bought, ploughing and planting taking place re building of dipping tanks, diesel supplied for ploughing</li> <li>• Brick making project went off the ground after being stagnant for a long time. Provision of material for brick makers, training and technical support</li> <li>• Preparations for the Holo Hlahatsi agricultural projects. Fenced, river cleared to prevent flooding into the field, bought seed.</li> <li>• Holo Hlahatsi tourism project extended to August 2008 due to land disputes</li> <li>• Sunduza poultry project 100% run by women</li> <li>• Masibambane service centre Barkly East for old persons and people living with disabilities</li> <li>• Lucerne project at Barkly East by women as well as a food garden</li> <li>• Recycling and waste minimization project at Sterkspruit</li> <li>• Funds made available by Thina Sinakho to make a study on peach production at Sterkspruit</li> </ul>	<ul style="list-style-type: none"> <li>• 13 Second-hand tractors bought caused many breakdowns</li> <li>• Planning equipment purchased not suited to area</li> <li>• A huge challenge to commonage management is the overgrazing</li> <li>• Negotiations with small farmers taking place</li> <li>• Kwezi Lokusa got additional funding from the Department of Social Development</li> <li>• Shortage of competent staff and equipment</li> <li>• Lack of commitment from beneficiaries</li> <li>• Inadequate budget</li> <li>• LED strategy developed and adopted by Council</li> <li>• Brickmakers struggle to get material like charcoal</li> <li>• No beneficiaries identified for the Holo Hlahatsi agricultural project</li> <li>• Holo Hlahatsi tourism had land disputes that delayed the completion. There is also a challenge of permission to use water which has not been granted</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>COMMONAGES</b>	<ul style="list-style-type: none"> <li>Budget of R 1000 000 available for Gxothindlala project and agricultural improvements in rural areas e.g. ploughing fields and planting mielies and wheat.</li> <li>Lack of proper commonage plan</li> <li>Commonage Management Committee/s</li> <li>Renewal of lease agreements</li> </ul>	<ul style="list-style-type: none"> <li>Successful mielies crop</li> <li>Fencing</li> <li>Barkly East &amp; Lady Grey</li> <li>Renovation of farm building at Lady Grey</li> <li>Fencing at Lady Grey completed</li> <li>Strategic approach to commonage management</li> <li>Establish commonage committee</li> <li>Legal requirement</li> </ul>	<ul style="list-style-type: none"> <li>Satus quo -remains</li> <li>Funding to extend Commonages</li> <li>13 second-hand tractors bought caused many breakdowns – not serving intended purpose</li> <li>Planning equipment purchased and suited to area.</li> <li>Drought delayed ploughing and planting.</li> <li>A huge challenge to commonage management is the overgrazing.</li> <li>Negotiations with small farmers taking place.</li> <li>Overgrazing at Barkly East</li> <li>Commonages</li> <li>Access funding from UKDM</li> <li>Develop Plan and implement</li> <li>Committees will be established 2007/2008</li> <li>Renew lease agreements</li> </ul>
<b>POUNDS</b>	<ul style="list-style-type: none"> <li>Manage and maintain pounds</li> </ul>	<ul style="list-style-type: none"> <li>Planned project to establish formal pounds</li> </ul>	<ul style="list-style-type: none"> <li>Staff shortage</li> <li>Funding</li> <li>Equipment/Vehicles</li> </ul>
<b>PARKS AND PUBLIC OPEN SPACES</b>	<ul style="list-style-type: none"> <li>Provide adequate facilities/ maintenance of facilities to create pleasant environment</li> <li>Grass on sidewalks, parks and open spaces to be cut</li> <li>Renovation at caravan Park</li> <li>Planting and pruning of trees</li> </ul>	<ul style="list-style-type: none"> <li>Grass on sidewalks, parks and open spaces cut regularly in the 4 towns within Senqu i.e. Rhodes, Barkly East, Lady Grey and Sterkspruit.</li> <li>74 012 m<sup>2</sup> grass was cut including cemeteries, sports fields, sidewalks and parks.</li> <li>29615 m<sup>2</sup> garden refuse disposed</li> <li>Completed</li> <li>Regular pruning of trees and shrubs took place</li> </ul>	<ul style="list-style-type: none"> <li>Difficulty during growing season to maintain side walks, due to staff shortages and equipment availability.</li> <li>After first frost the work returned to normal and the backlog could be dealt with.</li> <li>Lack of funding – no additional trees planted.</li> <li>Pruning of trees and shrubs - not performed regularly</li> <li>Staff shortage</li> </ul>

## D. COMMUNITY SERVICES DEPARTMENT

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p><b>REFUSE REMOVAL/ SOLID WASTE</b></p> <p><b>R 6 046 148</b></p>	<ul style="list-style-type: none"> <li>• Provide refuse removal service, solid waste sites, waste transfer</li> <li>• Household refuse and business refuse to be removed efficiently and effectively.</li> <li>• Daily cleaning of streets to ensure health standards maintained.</li> <li>• Development of a functional solid waste site.</li> <li>• Develop solid waste management plan</li> <li>• Update waste database</li> <li>• Waste management by laws</li> </ul>	<ul style="list-style-type: none"> <li>• Opening furrows &amp; culverts</li> <li>• Household refuse removed once a week and business refuse twice a week.</li> <li>• Streets cleaned daily, assisted by volunteers in Barkly East, Lady Grey and Sterkspruit.</li> <li>• Household refuse removed per month is 7984 m<sup>2</sup></li> <li>• 35231 m<sup>3</sup> Domestic refuse and 29615 m<sup>3</sup> garden refuse disposed of.</li> <li>• Development and registration of a solid waste site at Barkly East has been completed.</li> <li>• Establish registered solid waste sites</li> <li>• Registered Waste Disposal site: Rossouw</li> <li>• Statistics</li> <li>• Legal compliance – effective management of by laws</li> </ul>	<ul style="list-style-type: none"> <li>• Old outdated machines and equipment</li> <li>• Financial constraints – budget insufficient for improvement</li> <li>• Refuse vehicles required</li> <li>• Maintenance of vehicles</li> <li>• Acquiring/Purchasing bins and containers</li> <li>• Funding</li> <li>• Feasibility study completed</li> <li>• MIG grant funding</li> <li>• Planned for 2007/2008</li> </ul>
<p><b>HEALTH</b></p> <p><b>R 601 560</b></p>	<p>Provision of accessible Primary Health Care Service to Communities</p> <p>Environmental Health</p> <p>Water quality programme</p>	<ul style="list-style-type: none"> <li>• Provision made at Robert Mjobo Clinic in Lady Grey for consulting rooms and for both District and Province to operate from one building</li> <li>• 18 924 Patients attended to over 5 years of age.</li> <li>• 24 521 Patients attended to less than 5 years of age.</li> <li>• Inspection of business – re health requirements</li> <li>• Monitor water quality</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial funding allocations (R467 000)</li> <li>• 1 x clinic at Lady Grey controlled by Council.</li> <li>• Other clinics are controlled by either District municipality or Province</li> <li>• Shortage of qualified/skilled clinic staff are an ongoing challenge</li> <li>• UKDM function - reporting done UKDM provided to Senqu</li> <li>• UKDM function - reporting done UKDM provided to Senqu</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<b>HIV/AIDS</b>	<ul style="list-style-type: none"> <li>• HIV/Aids Education &amp; HIV/AIDS Awareness Prevention Campaigns</li> <li>• Voluntary care setting and testing VCT in Clinics</li> <li>• PMTCT of HIV</li> <li>• Diagnosis treatment of opportunistic to infections</li> </ul>		<ul style="list-style-type: none"> <li>• Shortage of Professional Nurses</li> <li>• Inadequate funding</li> <li>• Insufficient Volunteers (HIV/AIDS)</li> <li>• Inadequate drug allocations</li> <li>• Shortage vehicle to undertake health promotion</li> <li>• Counselling and debriefing of staff doing community counselling</li> </ul>
<b>DISASTER MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Develop Disaster Management Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby District of Municipality</li> <li>• Compile Disaster Management Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Core function of District Municipality</li> <li>• Lack of co-ordination</li> </ul>
<b>CEMETERIES</b>	<ul style="list-style-type: none"> <li>• Control burials within National framework of Health Act</li> </ul>	<ul style="list-style-type: none"> <li>• 7 Cemeteries in Municipal area planned</li> <li>• Development of pauper burial policy</li> <li>• Planned development</li> <li>• Cemeteries ongoing maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• 248 burials recorded during 2007/08 financial year</li> <li>• Funding</li> <li>• Illegal burials</li> <li>• Shortage of staff</li> <li>• Security</li> </ul>
<b>SHEARING SHEDS</b>	<ul style="list-style-type: none"> <li>• Construction of shearing sheds</li> </ul>	<ul style="list-style-type: none"> <li>• Planned</li> </ul>	<ul style="list-style-type: none"> <li>• Funding</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p><b>ELECTRICITY &amp; STREET LIGHTING</b></p> <p><u>Budget :</u></p> <p>Electricity Distribution Operation &amp; Maintenance = R11 458,463 Including Eskom purchases of R5 717,500</p> <p>Capital : R660,000</p> <p>Street Lighting Operation &amp; Maintenance = R375,210</p> <p>Capital : R0</p> <p>Total : R12,335,793</p>	<ul style="list-style-type: none"> <li>• Provide electricity to 1 713 residential and commercial consumers</li> <li>• Provide public lighting to Sterkspruit, Lady Grey &amp; Barkly East &amp; Herschel</li> <li>• New connections done on request in licensed areas</li> <li>• Ongoing maintenance of existing networks</li> <li>• The rural areas of Senqu Municipality are within the licensed area of Eskom and will remain so in the foreseeable future</li> <li>• Maintenance of existing public lighting</li> <li>• Extension of public lighting systems</li> <li>• Maintenance and renewal of public buildings electrical installations, when required</li> <li>• Reduction of electricity losses</li> </ul>	<ul style="list-style-type: none"> <li>• 17 new connections done on request as there is currently no backlog in licensed areas</li> <li>• 329 Electricity faults reported and dealt with</li> <li>• Conventional electricity meters serviced/replaced – 145</li> <li>• Service Level Agreements are in place with Eskom</li> <li>• Installation of new street lighting in Herschel (40 units)</li> <li>• 1,550 Km of LV line upgraded in Sterkspruit and Barkly East</li> <li>• 1 Km of MV Line upgraded in Barkly East</li> <li>• 182 Street lights repaired</li> <li>• Ongoing operation and maintenance</li> <li>• Purchase of 3-Ton Truck</li> <li>• Minor tool purchases</li> <li>• Electricity purchased from Eskom - 20 MW</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity losses (due to theft &amp; poor metering &amp; networks)</li> <li>• No action on electrical report</li> <li>• Ageing infrastructure</li> <li>• Insufficient funding for recapitalization</li> <li>• Electricity backlogs in the rural area</li> <li>• Eskom installation requests taking too long</li> <li>• Standardization of equipment</li> <li>• Supply Chain Management time consuming</li> <li>• Adhoc maintenance is being achieved despite challenges.</li> <li>• The formation of RED's may possibly have a negative effect on service delivery</li> <li>• Lack of workshop and &amp; storage space</li> <li>• Insufficient funds to obtain full staff complement</li> </ul>
<p><b>ROADS &amp; STORMWATER</b></p> <p><u>Budget</u></p> <p>Operation &amp; Maintenance (R) R4 171,830</p> <p>Capital (R) : R0</p> <p>Operations &amp; Maintenance (SW) : R200,000</p> <p>Capital (SW) R5 052,342</p> <p>Total : R9 424,171</p>	<ul style="list-style-type: none"> <li>• The maintenance and reconstruction of gravel and surfaced roads</li> <li>• The construction of sidewalks</li> <li>• The construction of storm water systems</li> <li>• The construction of bridges and river crossings</li> <li>• Maintenance of road furniture (exception of signage)</li> <li>• Purchase of plant</li> <li>• Planning and design of new projects</li> </ul>	<ul style="list-style-type: none"> <li>• Construction &amp; rehabilitation of 28 km of roads in Wards 2,7,8,10, 11,12 &amp; 13</li> <li>• Construction of motor bridge at Dulciesnek</li> <li>• Construction of motor bridge at Skizana</li> <li>• R 149, 095 spent on creating 128 temporary jobs</li> <li>• Ongoing general Operation &amp; Maintenance</li> <li>• Potholes repaired – 300</li> <li>• Installation of bulk storm water control in Kwezi Naledi</li> <li>• 52 km street graded in Lady Grey, Sterkspruit and Barkly East</li> <li>• Cost estimates on various future projects done</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient funds for reducing the access roads backlog (MGI)</li> <li>• Resurfacing of Dept of Transport roads within towns</li> <li>• Supply Chain Management time consuming</li> <li>• Urban renewal needs to be done to encourage LED</li> <li>• The roads classification system needs to be completed</li> <li>• Insufficient plant/operators</li> <li>• Gravel shortage in rural areas require alternative construction methods</li> <li>• Distances to borrow pits.</li> <li>• Access roads need to be sealed (should alternatives not be available) with lined storm water channels</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSSES	CHALLENGES & OPPORTUNITIES
<p><b>WATER</b></p> <p><u>Budget</u> Operation &amp; Maintenance : R4 371,930</p> <p>Capital : R140,000</p> <p>Total : R4,511,930</p>	<ul style="list-style-type: none"> <li>• The Senqu Municipality was appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until end of June 2008</li> <li>• Water purification is undertaken at Lady Grey, Barkly East &amp; Rhodes</li> <li>• Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw</li> <li>• Sterkspruit water is supplied by Bloemwater, but reticulated by Senqu</li> <li>• Potable water is reticulated to approximately 5901 households within the Senqu area of jurisdiction</li> <li>• New connections are done upon application</li> <li>• Infrastructure is the responsibility of the Water Services Authority</li> <li>• Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality</li> <li>• Maintenance of purification works and reticulation systems in the appointed area</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of temporary package plant in Barkly East</li> <li>• Water purified was 2,822,982 Kl</li> <li>• Water faults reported and attended to were 448</li> <li>• Water meters replaced/ serviced were 54</li> <li>• New water connections were 15</li> <li>• Ongoing maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent water treatment works in Barkly East</li> <li>• Completion of the Section 78 process</li> <li>• Implementation of the Lady Grey bulk water supply as a matter of urgency</li> <li>• Capacitating staff</li> <li>• No WSA Officer</li> <li>• Water backlogs in the rural area</li> <li>• Rehabilitation of the Barkly East &amp; Rhodes reticulation networks</li> <li>• Compilation of a water master plan for all areas</li> <li>• Supply Chain Management</li> <li>• Installation of section and bulk metering for water balance</li> <li>• Realistic tariffs for cost recovery</li> <li>• Replacement of vehicles</li> <li>• Bulk supply to be established for Rossouw</li> <li>• Bulk supply to be rehabilitated for Rhodes</li> <li>• Lady Grey dam silt weir and extraction line</li> <li>• Installation of fire hydrants</li> <li>• Pressure &amp; Storage problems in Lady Grey</li> <li>• No movement on the Orange River Macro Water Scheme project</li> <li>• Installation of telemetry</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p><b>SANITATION</b></p> <p><u>Budget</u> Operation &amp; Maintenance: R4 741,285</p> <p>Capital : R100 000</p> <p>Total : R4 841,285</p>	<ul style="list-style-type: none"> <li>The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) until June 2008 in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit</li> <li>The rural areas fall directly under the Water Services Authority</li> <li>Infrastructure projects are the responsibility of the Water Services Authority</li> <li>New connections are done upon request as there is no real backlog in the delegated area although a large percentage are below RDP standards</li> <li>Maintenance of ponds, conservancy tanks and reticulation systems</li> <li>Waterborne households served estimated at 1326</li> <li>Buckets and below RDP standard - estimated at 3 013</li> <li>Conservancy tanks – 189</li> <li>Urban VIP's -257</li> <li>The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods</li> <li>A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Bucket eradication program began in Barkly East</li> <li>Ongoing Operation and Maintenance</li> <li>Complaints reported and attended to were 1038</li> <li>Sewer blockages were 387</li> <li>VIP's serviced – 345</li> <li>New connections – 11</li> <li>Bacterial inoculant purchased</li> </ul>	<ul style="list-style-type: none"> <li>Rural sanitation backlogs</li> <li>Bucket eradication in un-formalized areas</li> <li>Sanitation ponds needed in rural areas</li> <li>New vehicles needed</li> <li>Waterborne sanitation in Khezi Naledi</li> <li>Herschel waterborne sanitation and disposal works project almost complete</li> <li>Supply Chain Management</li> <li>Old ponds in Barkly East need upgrading</li> <li>Urgent upgrade of the disposal works in Sterkspruit</li> <li>No measuring flumes installed</li> <li>Bacteriological inoculant used in VIP's and oxidation ponds</li> </ul>



SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p><b>TOWN PLANNING &amp; BUILDING CONTROL</b></p> <p>(Part of Technical Administrative budget – no line item)</p>	<ul style="list-style-type: none"> <li>• Application of legislative issues</li> <li>• Control of land use</li> <li>• Building safety</li> <li>• Environmental protection</li> <li>• Spatial development</li> </ul>	<ul style="list-style-type: none"> <li>• Building plans received &amp; approved –16</li> <li>• Rezoning applications received and approved – 1</li> <li>• Subdivision applications received and approved –13</li> <li>• Consolidation applications received and approved : 0</li> <li>• Draft subdivision policy</li> </ul>	<ul style="list-style-type: none"> <li>• Separate budget for town planning and building control required</li> <li>• Zoning maps needed for Herschel, Rhodes and Rossouw</li> <li>• Community land issues need to be legally solved</li> <li>• More land for development required in Sterkspruit</li> <li>• Government departments not liaising with the municipality before developments are implemented</li> <li>• Building Control Officer resigned</li> </ul>
<p><b>TECHNICAL FINANCE &amp; ADMINISTRATION</b></p> <p>Budget : R1,449,370</p>	<ul style="list-style-type: none"> <li>• Ensure effective technical management</li> <li>• Technical Policy Development</li> <li>• Ensure service delivery across all technical service departments</li> <li>• Strategic planning</li> <li>• Co-operation with the Water Services Authority</li> <li>• Communication</li> <li>• Assist in LED projects</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly extension as Water Services Provider</li> <li>• Draft Vehicle Management Policy</li> <li>• 10 Standing Committees held</li> <li>• 4 Quarterly SDBIP reports submitted to Council</li> <li>• Roads Airfield project taken over by the DoRT</li> <li>• Internet and e-mail access improved</li> </ul>	<ul style="list-style-type: none"> <li>• No Mechanic employed due to insufficient funding leading to plant &amp; equipment down time</li> <li>• Reasonable middle management</li> <li>• Efficient PMU</li> <li>• No vehicle tracking system</li> <li>• No faults call center</li> <li>• No Secretary</li> <li>• Radio communication needs to be investigated</li> <li>• MIG funded grants</li> </ul>

**E. BUDGET & TREASURY DEPARTMENT**  
**Revenue Collection / Income Generation**

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>INFORMATION TECHNOLOGY</b>	<ul style="list-style-type: none"> <li>• Implementation of electronic document management system/IT Support function (Man of function – Corp Services)</li> <li>• Develop and maintenance of Municipal Website</li> <li>• Training of IT system</li> <li>• Roll out of Internet/ e-mail facilities</li> <li>• Upgrade of the financial Sebata systems hardware</li> <li>• Secure systems support service</li> <li>• Meet annual computer requirements of all departments</li> <li>• Roll out and implementation of IT Strategy</li> <li>• Maintain GIS System</li> <li>• Update ownership/ Title Deed information</li> <li>• Update road and street infrastructure</li> <li>• Update valuation information</li> </ul>	<ul style="list-style-type: none"> <li>• Not complete</li> <li>• Developed and maintained</li> <li>• Ongoing</li> <li>• An upgrade of the financial systems software and hardware.</li> <li>• Effective hardware &amp; software</li> <li>• Effective IT support services</li> <li>• Another challenging task to meet the annual computer requirements of all the departments - <u>successfully</u> completed within the availability of the funding.</li> <li>• Further roll out and implementation of the IT Strategy</li> <li>• Electrical infrastructure and sewerage infrastructure</li> <li>• Solid Waste infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate function – IT support from finance</li> <li>• Very slow progress on the implementation on an electronic document management system</li> <li>• General capacity problems together with the long process of obtaining approval for the allocation of funding.</li> <li>• Effective website (<a href="http://www.senqu.gov.za">www.senqu.gov.za</a>) strategy could only be done in incremental stages.</li> <li>• Completed</li> <li>• Staff effective in use of the system. E-mail and internet facilities available.</li> <li>• Skills development and software obtaining sufficient staff to meet requirements remain a major challenge.</li> <li>• Effective hardware &amp; software.</li> <li>• Effective IT Support Services</li> <li>• Phase II implemented</li> <li>• Funding and</li> <li>• Capacity of staff remain a constraint</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSSES	CHALLENGES AND OPPORTUNITIES
<b>REVENUE COLLECTION / INCOME GENERATION</b>	<ul style="list-style-type: none"> <li>• Annual reconciliation of Valuation Roll.</li> <li>• Annual reconciliation of Assessment Rates</li> <li>• Annual billing of Assessment Rates</li>   <li>• Do survey of infrastructure &amp; services on farms</li> <li>• Monthly updating &amp; maintaining accurate &amp; reliable consumer database.</li> <li>• Data Cleansing</li> </ul>	<ul style="list-style-type: none"> <li>• Correct annual Assessment rate accounts</li>   <li>• Comprehensive, reliable and accurate consumer database</li>   <li>• Effective Credit Control &amp; Debt Collection procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Reconciled Valuation Roll</li> <li>• Annual billing of assessment rates</li> <li>• Accurate and complete Valuation Roll enabling factors to collect consumer and capture data that did not appear on the billing system – thereby enhancing revenue collection</li> <li>• Accurate &amp; reliable consumer database – enhance revenue management</li> <li>• Planned monthly maintenance</li>   <li>• Implement innovative strategies/enhance revenue</li> <li>• Capacity issues</li> </ul>
<b>CREDIT CONTROL &amp; DEBT COLLECTION</b>	<ul style="list-style-type: none"> <li>• Review, maintain &amp; implement Credit Control &amp; Debt Collection Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Updated &amp; Implemented financial policies, by-laws &amp; procedures</li> <li>• Review financial policies/ tariffs</li> </ul>	<ul style="list-style-type: none"> <li>• By Laws/ Policies in place require proper implementation and monitoring</li> <li>• Capacity building of staff</li> <li>• Improved operational efficiency and Fiscal control</li> </ul>
<b>FINANCIAL POLICIES &amp; BY-LAWS</b>	<ul style="list-style-type: none"> <li>• Maintain &amp; implement financial policies By-Laws and procedures</li> <li>• Free Basic Services &amp; Indigence Subsidy Support</li> <li>• Tariff</li> <li>• Rates</li> </ul>	<ul style="list-style-type: none"> <li>• Free basic electricity to 7 500 consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Unreliable data/ information</li> <li>• Update database and status</li> <li>• Monitor mechanisms and put in systems to correct deficiencies as they occur</li> <li>• 90% target to be reached by 2009</li> </ul>
<b>FREE BASIC ELECTRICITY</b>	<ul style="list-style-type: none"> <li>• Roll out free basic electricity to 7 500 consumers</li> </ul>		

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>PRE-PAID ELECTRICITY &amp; PREVENT THEFT &amp; METER TAMPERING</b>	<ul style="list-style-type: none"> <li>Selling &amp; control pre-paid Electricity</li> <li>Visit pre-paid electricity meters</li> </ul>	<ul style="list-style-type: none"> <li>Sell &amp; control pre-paid electricity – generate revenue</li> <li>Prevent theft of electricity &amp; meter tampering</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing occurrence - difficult to prevent</li> <li>Implement By-Laws Implement fines</li> <li>Tampering/theft of electricity</li> </ul>
<b>WATER &amp; ELECTRICITY METERS</b>	<ul style="list-style-type: none"> <li>Monthly reading of water &amp; electricity meters</li> </ul>	<ul style="list-style-type: none"> <li>Accurate monthly reading of Water &amp; Electricity meters</li> </ul>	<ul style="list-style-type: none"> <li>Although a 100% correctness of meter readings and consumer accounts is expected, the possibility exists that there might be errors (1.00%) from time to time</li> </ul>
<b>MONTHLY CONSUMER ACCOUNTS</b>	<ul style="list-style-type: none"> <li>Monthly Billing of correct consumer accounts</li> <li>Monthly delivery of consumer accounts</li> </ul>	<ul style="list-style-type: none"> <li>Accurate &amp; correct delivery of monthly consumer accounts</li> </ul>	<ul style="list-style-type: none"> <li>Efficient billing system</li> <li>Improve on customer care – High unemployment rate – no decrease in debtors</li> <li>Implement innovative strategies/ enhance revenue</li> </ul>
<b>REVENUE</b>	<ul style="list-style-type: none"> <li>Daily receipting of all revenue</li> <li>Daily banking of all revenue</li> <li>Secure all revenue collected</li> </ul>	<ul style="list-style-type: none"> <li>Receipt, bank and secure all revenue</li> </ul>	<ul style="list-style-type: none"> <li>Control/reduce risk</li> <li>Secured daily revenue collected</li> <li>Improved operational efficiency and Fiscal control</li> </ul>
<b>COMPLY WITH MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003 REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to revenue collection</li> </ul>	<ul style="list-style-type: none"> <li>Meet Municipal Finance Management Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>Capacity Building of staff</li> <li>Sound financial management</li> <li>Reduce risk</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<p><b>COMPLY WITH LOCAL GOVERNMENT MUNICIPAL PROPERTY RATES ACT, NO 6 OF 2004 REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Review Rates Policy</li> <li>• Consult community on rates policy</li>   <li>• Implement rates policy</li> <li>• Develop &amp; promulgate rates policy by-law</li> <li>• Comply with Municipal Property Rates Act, No 6 of 2004</li> </ul>	<ul style="list-style-type: none"> <li>• Meet Municipal property rates act requirements</li>   <li>• Policy developed</li> <li>• By Law developed</li>   <li>• Compliance required</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Community consulted during IDP/Budget process</li>   <li>• Implementation and Monitoring</li>   <li>• Implementation and monitoring</li> </ul>

## Expenditure and Control

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>RECONCILIATION &amp; PAYMENT OF CREDITORS</b>	<ul style="list-style-type: none"> <li>Monthly reconciliation &amp; payment of creditors</li> </ul>	<ul style="list-style-type: none"> <li>Accurate and correct payment of Creditors</li> </ul>	<ul style="list-style-type: none"> <li>Accurate and correct record of creditors payments</li> <li>Control of expenditure</li> <li>Adherence to timeous payments of creditors</li> <li>Interventions on turnaround plan to improve expenditure</li> </ul>
<b>CONTROL EXPENDITURE</b>	<ul style="list-style-type: none"> <li>Monthly controlling of purchases and expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Effective control over purchases and expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Interventions on turnaround plan to control and improve expenditure</li> <li>Monthly/quarterly cash flow statements</li> </ul>
<b>PROCESS PAYROLL</b>	<ul style="list-style-type: none"> <li>Monthly updating, reconciliation and processing of Payroll</li> </ul>	<ul style="list-style-type: none"> <li>Correct processing of Payroll</li> </ul>	<ul style="list-style-type: none"> <li>Accurate and correct payroll</li> <li>Compliance with procedure</li> </ul>
<b>MAINTAIN EXISTING LOANS</b>	<ul style="list-style-type: none"> <li>Maintain &amp; update loans</li> <li>Review &amp; implement loans &amp; Contractual Agreements Policy</li> </ul>	<ul style="list-style-type: none"> <li>Maintained and updated loans</li> <li>Implemented loans &amp; contractual agreements policy</li> </ul>	<ul style="list-style-type: none"> <li>Policy in place</li> <li>Maintained loans and contractual agreements</li> </ul>
<b>MAINTAIN INSURANCE PORTFOLIO</b>	<ul style="list-style-type: none"> <li>Update &amp; maintain Council's Insurance Portfolio</li> <li>Review &amp; implement Insurance &amp; Assets Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>Updated Insurance Portfolio</li> <li>Implemented Insurance &amp; Asset Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance and updated maintained insurance portfolio</li> </ul>
<b>MAINTAIN INVESTMENTS</b>	<ul style="list-style-type: none"> <li>Monthly updating &amp; maintaining Council's investments</li> <li>Review and implement cash management, investment and banking policy</li> </ul>	<ul style="list-style-type: none"> <li>Monthly updated investments</li> <li>Implemented cash management, investment and banking policy</li> </ul>	<ul style="list-style-type: none"> <li>Reduced risk and losses</li> <li>Assets protected</li> <li>Investment policy</li> <li>Sound financial management</li> </ul>
<b>IMPLEMENT SUPPLY CHAIN MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Review and implement Supply Chain Management Policy</li> <li>Establish Service Provider database</li> </ul>	<ul style="list-style-type: none"> <li>Implemented Supply Chain Management Policy</li> <li>Established Service Provider Database</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Policy in place and reviewed annually</li> <li>Service Providers data base established</li> <li>Training and support of staff</li> <li>Funding</li> </ul>
<b>COMPLY WITH MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003 REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>Comply with Municipal Finance Management Act, No 56 of 2003 requirements related to expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Meet Municipal Finance Management Act requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Sound financial management and operational efficiency</li> <li>Training and support</li> <li>Funding</li> </ul>

## Budget and IDP

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>PLANNED BUDGET PROCESS</b>	<ul style="list-style-type: none"> <li>• Compile &amp; publish Budget &amp; IDP Time schedule</li> <li>• Establish &amp; publish Committees &amp; Consultation forums</li> <li>• Review Budget &amp; IDP Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Planned IDP and Budget process</li> </ul>	<ul style="list-style-type: none"> <li>• Process completed by 30 September 2007</li> </ul>
<b>STRATEGIZED BUDGET PROCESS</b>	<ul style="list-style-type: none"> <li>• Outreach programme to all 16 wards</li> <li>• Review existing IDP, Service Delivery Agreements, Entities, Organogram, Delegations &amp; Budget-related Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Strategized budget process</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• IDP Reviewed</li> <li>• Process completed by 30 November 2007</li> <li>• Outreach programmes to 16 Wards</li> </ul>
<b>PREPARING BUDGET &amp; SUPPORTING DOCUMENTS</b>	<p>Review &amp; prepare draft:</p> <ul style="list-style-type: none"> <li>• Integrated Development Plan (IDP)</li> <li>• Service Delivery Agreements</li> <li>• Entities</li> <li>• Organogram</li> <li>• Delegations</li> <li>• Budget Related Policies</li> <li>• Operational &amp; Capital Budget</li> <li>• Proposed Rates &amp; Tariffs</li> <li>• Cash Flow Budget</li> <li>• Consult with established committees &amp; forums</li> </ul>	<ul style="list-style-type: none"> <li>• Prepared draft budget &amp; supporting documents</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Prepare SDBIP's and all supporting documentation completed</li> <li>• Budget process finalized</li> <li>• Completed by 31 March 2008</li> <li>• Put in place monitoring Mechanism to ensure planning and timeous expenditure on projects - co – operation and management from all managers</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>TABLING BUDGET &amp; SUPPORTING DOCUMENTS</b>	Table draft : <ul style="list-style-type: none"> <li>• Integrated Development Plan (IDP)</li> <li>• Service delivery agreements</li> <li>• Entities</li> <li>• Organogram</li> <li>• Delegations</li> <li>• Budget-related Policies</li> <li>• Operational &amp; Capital Budget</li> <li>• Proposed rates &amp; tariffs</li> <li>• Cash Flow Budget</li> </ul>	<ul style="list-style-type: none"> <li>• Tabled budget and supporting documents by 31 March 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Budget and supporting documentation tabled and ratified by Council</li> <li>• SDBIP's tabled and ratified</li> <li>• Completed by 15 June 2008</li> </ul>
<b>APPROVING BUDGET &amp; SUPPORTING DOCUMENTS</b>	Approve : <ul style="list-style-type: none"> <li>• Integrated Development Plan (IDP)</li> <li>• Service Delivery Agreements</li> <li>• Entities</li> <li>• Organograms</li> <li>• Delegations</li> <li>• Budget-related policies</li> <li>• Operational &amp; Capital budget</li> <li>• Proposed rates &amp; tariffs</li> <li>• Cash Flow Budget</li> </ul>	<ul style="list-style-type: none"> <li>• Approved budget &amp; supporting documents by 31 May 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of time schedule depends on support and commitment of politicians and all heads of departments</li> <li>• Completed by 15 June 2008 and approved by 30 June 2008</li> </ul>
<b>FINALIZING BUDGET PROCESS</b>	<ul style="list-style-type: none"> <li>• Budget &amp; Supporting documents to:               <ul style="list-style-type: none"> <li>- National Treasury</li> <li>- Provincial Treasury</li> <li>- Publish &amp; Website</li> </ul> </li> <li>• Service Delivery &amp; Budget Implementation Plan (SDBIP)</li> </ul>	<ul style="list-style-type: none"> <li>• Finalized budget process by 30 June 2007</li> <li>• Table SDBIP by 15 July 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Finalization of personnel budget depends on timely salary negotiations between SALGA / SAMWU / IMATU / SALGBC</li> </ul>
<b>COMPLY WITH MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003, REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Comply with MFMA requirements relating to budget process</li> </ul>	<ul style="list-style-type: none"> <li>• Meet Municipal Finance Management Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Sound financial management principles</li> <li>• Ongoing process</li> </ul>



## Accounting and Reporting

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>RECONCILE AND MAINTAIN ACCOUNTING RECORDS</b>	<ul style="list-style-type: none"> <li>Daily &amp; monthly updating &amp; maintaining of accounting records</li> </ul>	<ul style="list-style-type: none"> <li>Updated and maintained accounting records</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Fiscal control and operational efficiency</li> <li>Completed within 10 working days</li> </ul>
<b>FINANCIAL REPORTS AS REQUIRED IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003</b>	MFMA required reporting to: <ul style="list-style-type: none"> <li>National Treasury;</li> <li>Provincial Treasury;</li> <li>Auditor-General</li> <li>Accounting Officer</li> <li>Finance Standing Committee</li> <li>Executive Committee and</li> <li>Council</li> </ul>	<ul style="list-style-type: none"> <li>Processed financial reports as required by Municipal Finance Management Act, No 56 of 2003.</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Completed within 10 working days</li> <li>Capacity constraints</li> </ul>
<b>SUPPORTING REGISTERS</b>	Monthly reconciliation of supporting registers: <ul style="list-style-type: none"> <li>Funds</li> <li>Loans</li> <li>Assets</li> <li>Banks</li> <li>Investments</li> <li>Debtors</li> <li>Creditors</li> <li>Income &amp; Expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Monthly reconciled supporting registers.</li> <li>Maintenance of registers</li> </ul>	<ul style="list-style-type: none"> <li>Monthly reconciled supporting registers</li> <li>Sound financial management</li> <li>Financial control</li> <li>Capacity constraints</li> </ul>
<b>ANNUAL FINANCIAL STATEMENTS</b>	<ul style="list-style-type: none"> <li>Compilation of annual financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Compiled 2007 / 2008 Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>Legal requirement completed by 31 August 2007</li> <li>Compiled annual financial statements</li> </ul>
<b>COMPILE ANNUAL REPORT – DEPARTMENT: BUDGET &amp; TREASURY SERVICE</b>	<ul style="list-style-type: none"> <li>Compilation of annual report for department: Budget &amp; Treasury Service</li> </ul>	<ul style="list-style-type: none"> <li>Compiled 2007 / 2008 annual report for Department: Budget &amp; Treasury Service by 31 December 2006</li> </ul>	<ul style="list-style-type: none"> <li>Legal requirement</li> <li>Completed by 31 December – 1<sup>st</sup> draft approved by 31 January – August 2007</li> <li>Accurate compiled annual report</li> <li>Capacity constraints</li> </ul>

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>ANNUAL AUDIT OF FINANCIAL RECORDS</b>	<ul style="list-style-type: none"> <li>Assist Auditor-General with audit of financial records</li> </ul>	<ul style="list-style-type: none"> <li>Audited financial records</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Audited financial records by 30 November 2006</li> <li>Improved Audit report</li> <li>Audit Plan/ interventions and strategies to deal with adverse audit report</li> <li>Capacity constraints</li> </ul>
<b>COMPLY WITH MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003 REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>Comply with Municipal Finance Management Act, No 56 of 2003 requirements relating to Accounting and Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Meet Municipal Finance Management Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Ongoing process</li> <li>Capacity building of staff</li> </ul>
<b>FINANCE STANDING COMMITTEE MEETINGS</b>	<ul style="list-style-type: none"> <li>Monthly Finance Standing Committee Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Finance Standing Committee Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Submission of Financial reports</li> <li>Attendance as scheduled</li> </ul>
<b>BUDGET &amp; TREASURY STAFF MEETINGS</b>	<ul style="list-style-type: none"> <li>Budget &amp; Treasury staff meetings</li> </ul>	<ul style="list-style-type: none"> <li>Budget &amp; Treasury staff meetings</li> </ul>	<ul style="list-style-type: none"> <li>Submission of Financial reports</li> <li>Commitment &amp; attendance as scheduled</li> </ul>
<b>REQUIRE BUDGET &amp; TREASURY OFFICER</b>	<ul style="list-style-type: none"> <li>Advertise post of skilled Budget &amp; Treasury Officer</li> </ul>	<ul style="list-style-type: none"> <li>Skilled Budget &amp; Treasury Officer by 30 December 2007</li> </ul>	<ul style="list-style-type: none"> <li>Appointed development and support programme in place</li> </ul>

## Assets and Stores

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>COMPREHENSIVE ASSETS REGISTER</b>	<ul style="list-style-type: none"> <li>Recording &amp; marking (Bar-coding) of all assets</li> <li>Compile and approval of asset management and insurance policy</li> <li>Compiling, updating and maintaining a comprehensive assets register</li> </ul>	<ul style="list-style-type: none"> <li>Effective computerized marking &amp; recording of all movable assets by 31 March 2008</li> <li>Effective Asset Management and Insurance Policy by 31 March 2007</li> <li>Comprehensive assets register in compliance with GRAP by 30 June 2009</li> </ul>	<ul style="list-style-type: none"> <li>Legal requirement</li> <li>Control of Assets</li> <li>Assets recorded with 48 hours of acquisition</li> <li>Legal compliance</li> <li>Capacity Building training and support of staff input from <u>all</u> HOD's</li> <li>Constraint – non co-operation from HOD's</li> <li>Conversion to GRAP by 2009</li> </ul>
<b>INVENTORY LISTS OF LOOSE ASSETS</b>	<ul style="list-style-type: none"> <li>Compiling, updating &amp; maintaining of inventories</li> </ul>	<ul style="list-style-type: none"> <li>All loose assets accounted for in departmental inventory lists</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of assets for inventory list</li> <li>All loose tools accounted for in inventory lists</li> </ul>
<b>RE-VALUE ASSETS</b>	<ul style="list-style-type: none"> <li>Revalue all assets</li> </ul>	<ul style="list-style-type: none"> <li>All assets re-valued by 30 June 2007</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Required for conversion to GRAP</li> <li>Value of assets</li> <li>Capacity</li> </ul>
<b>ANNUAL STOCK-TAKINGS</b>	<ul style="list-style-type: none"> <li>Conduct annual stock-takings</li> </ul>	<ul style="list-style-type: none"> <li>Verified stock lists and assets register</li> </ul>	<ul style="list-style-type: none"> <li>Verified stock and control of stock</li> </ul>

## Motor Vehicle Licensing

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
<b>MOTOR VEHICLE REGISTRATION FACILITIES OPERATIONAL</b>	<ul style="list-style-type: none"> <li>• Available Motor Vehicle Registration facilities</li> <li>• Available Grade A Traffic Test Station</li> <li>• Available Grade A Traffic Test Station</li> <li>• Trained personnel to operate facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Motor vehicle registration facilities in Barkly East and Lady Grey operational</li> <li>• Traffic Test Station in Barkly East operational</li> <li>• Trained personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Legal requirement</li> <li>• Effective operation of facility</li> <li>• Ongoing</li> <li>• Effective operation of facility</li> <li>• Ongoing</li> </ul>
<b>E-NATIS MOTOR VEHICLE REGISTRATION FACILITY AT STERKSPRUIT</b>	<ul style="list-style-type: none"> <li>• Available motor vehicle registration facility in Sterkspruit</li> </ul>	<ul style="list-style-type: none"> <li>• Motor vehicle registration facility &amp; driving license testing centre in Sterkspruit by 30 June 2007.</li> </ul>	<ul style="list-style-type: none"> <li>• Not achieved reliant on approval from Dept of Transport</li> <li>• Awaiting approval from Dept of Transport</li> <li>• Follow with Dept of Transport</li> </ul>



**HUMAN RESOURCES AND  
OTHER ORGANISATIONAL  
MANAGEMENT**

## EXISTING AND NEW DELIVERY MECHANISMS

Senqu Municipality was established during December 2000 and this resulted in the amalgamation of a number of local authorities and towns, namely:

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit; and portions of Wodehouse (Dordrecht) and Indwe
- Rhodes (including Zakhele); and
- Rossouw

Included in this area are the farms and villages of the magisterial districts of Barkly East; Lady Grey, Herschel, Rossouw, Sterkspruit Herschel, Rhodes and portions of Wodehouse (Dordrecht) and Indwe.

Whilst substantial progress and development has been made in order to restructure and align all smaller units into the larger formed “Senqu Municipality”, this had not been without challenge. Transformation is required, not only in terms of the re-organisation that led to the amalgamation, but also in terms of new legislation and a new way of doing things.

Every effort has been made to engage in a formal and directed change management programme in order to ensure that changed processes, procedures, and practices are understood by all, and are lived as day-to-day ideals and values within the organisation.

In the areas of: *Governance; Institutional Development; Transformation: Change Management*, every effort and focus is being made to ensure that delivery mechanisms support the required change at every level. Ongoing and critical analysis and evaluation takes place in order to ensure that Senqu Municipality takes the correct steps towards achieving excellence in human resource and other organisational management.

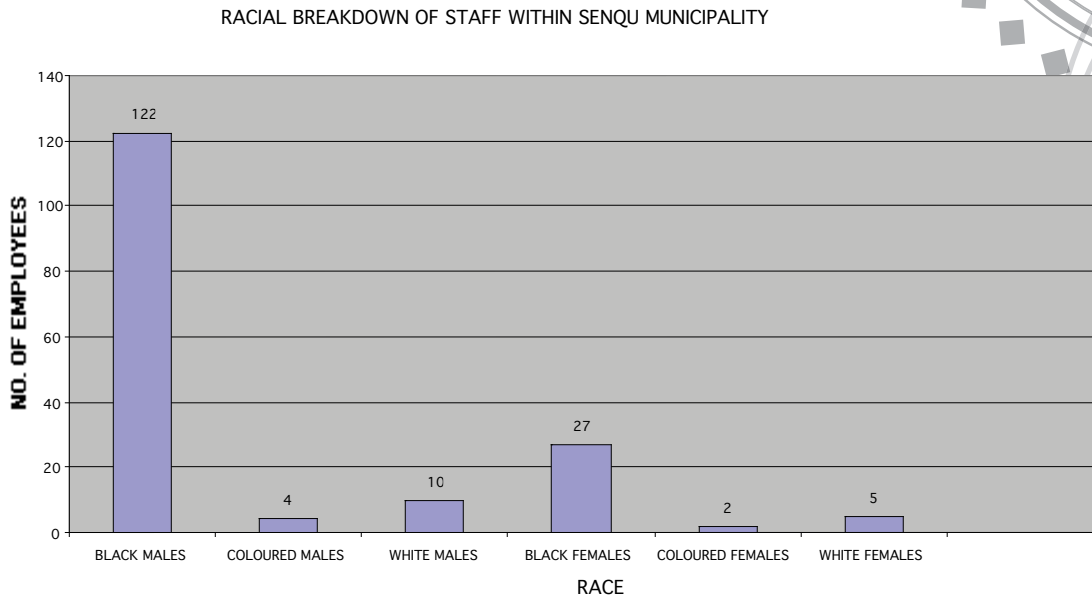
## INSTITUTIONAL DEVELOPMENT

### A SENQU MUNICIPALITY HAS AN OVERALL STAFF COMPLEMENT OF 170 EMPLOYEES, WHICH ARE BROKEN DOWN AS FOLLOWS:

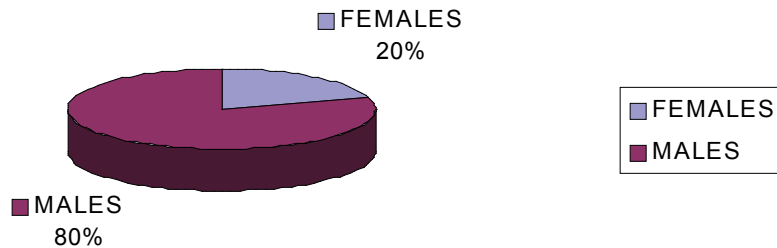
#### Gender / Race Analysis Of Filled Posts

DEPARTMENT/ FUNCTION	BLACK MALE	COLOURED MALE	WHITE MALE	BLACK FEMALE	COLOURED FEMALE	WHITE FEMALE	TOTAL
COUNCIL & EXECUTIVE	2	0	3	1	0	0	6
CORPORATE & SUPPORT SERVICE	4	0	1	8	1	0	14
BUDGET & TREASURY SERVICE	9	1	0	4	1	3	18
COMMUNITY & SOCIAL SERVICE	45	0	0	12	0	1	58
TECHNICAL & ENGINEERING SERVICE	62	3	6	2	0	1	74
<b>TOTAL</b>	<b>122</b>	<b>4</b>	<b>10</b>	<b>27</b>	<b>2</b>	<b>5</b>	<b>170</b>
<b>PERCENTAGE</b>	71.76%	2.35%	5.88%	15.88%	1.18%	2.95%	100%

## RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY



## GENDER REPRESENTATION 2006/07



## B ORGANISATION STRUCTURE

The organogram for Senqu Municipality is in place and to date 62% of the posts are occupied. The municipality has an overall staff complement of 442 posts of which 104 relate to the Water Services Authority (WSA) functions that will be transferred to the Ukhahlamba District Municipality once required agreements have been finalized. An analysis of post during the year under review are broken down as follows:

DEPARTMENT / FUNCTION	POSTS FILLED	POSTS FUNDED BUT VACANT	POSTS UNFUNDED	TOTAL NUMBER OF POSTS
COUNCIL AND EXECUTIVE	6	1	7	14
CORPORATE & SUPPORT SERVICE	14	5	22	41
BUDGET & TREASURY SERVICE	18	2	9	29
COMMUNITY & SOCIAL SERVICES	58	13	84	155
TECHNICAL & ENGINEERING SERVICE	74	6	123	203
TOTAL	170	27	245	442
PERCENTAGE	38.46%	6.11%	55.43%	100.00%

The organogram is reviewed annually during the budget process and all members of the budget Technical Committee participate in this process. Reviewing the organogram annually ensures that the Municipality takes into account the demands placed on it by the IDP.

## C JOB EVALUATION

Job evaluation has on a national scale, placed huge demands on staff and organisations alike. Whilst the results of the job evaluation exercise have been made available through the presentation of the Final Outcomes Report (presented to us by the Provincial Job Evaluation), implementation awaits the National Wage Curve from SALGBC and the process of appeal. In respect of the wage curve, we have raised concerns on the benchmarking of municipalities, in order to determine the wage curves for different municipalities. These issues are currently under discussions with the parties of the SALGBC.

## GOVERNANCE

### A FILE MANAGEMENT PLAN

The Municipality has submitted a reviewed File Management Plan to Provincial archives for approval. This means that we are currently working on a file plan, which has not been approved by National Archives. The disadvantage/restrictions of working on an unapproved plan is the fact that we cannot get a destruction certificate approved for old files and this causes great congestion in our registry and outside storage.

Before plans can be made to switch to an electronic document management system, the Municipality needs to ensure that the manual filing system is working efficiently and effectively i.e. the Registry Officer should be able, amongst others, to eliminate misfiling of documents completely. It must also be noted that if we do switch to EDMS (Electronic Document Management System), it is the requirement of Provincial Archives that we keep the manual system running as a back up to the electronic system.

The administration of Council and Executive Committee meetings has shown tremendous improvement, with Council agendas and minutes being provided accurately and correctly. This facilitates Council decision-making and it is worth mentioning that this process has not been queried by the Auditor-General in respect of the quality of decision-making and the signing of minutes by both the Mayor and the Speaker.

With the establishment of the Internal Audit Committee, its role cannot be over-emphasised.

The Annual Audit Report supports the notion that positive work is being done in respect of the operations of the Municipality and the fact that within this area we are operating within clear policies and procedures and in accordance and compliance with prescriptive legislation.

A Remuneration Committee has been elected by Council and constitutes of the following members of the Executive Committee:

- Honourable Mayor, Cllr Z Dumzela
- Cllr Kuse
- Cllr Mafilika



Purpose of Committee : To negotiate salaries with Municipal Manager and Section 57 Managers. Outcomes of the negotiations are then reported by the Honourable Mayor to the Executive Committee and Council.

## **B POLICIES ADOPTED**

At a Council Meeting that was held on the 25<sup>th</sup> of September 2007, the following reviewed policies have been adopted:

1. Grant-in-Aid Policy
2. Pauper Burial Policy
3. Immovable Property Policy which Council resolved that it be incorporated into the existing Asset Management Policy
4. Maintenance of Statement of Interest Policy and Procedure
5. Recruitment and Selection Policy
6. Subsistence and Travel Policy
7. Bursary Policy
8. Promotions and Transfer Policy
9. Overtime and Standby Policy
10. House Rental and Lease of Municipal Houses Policy
11. Occupational Health and Safety Policy

Challenges arise in that the above policies are not fully implemented as yet, leaving the Municipality open to legal challenges.

## **C REGISTER OF INTEREST**

The Register of Interest was adopted by Council, as well as the relevant policy, though it has not been fully implemented yet. Councillors and officials still need to declare their interest.

## **D HUMAN RESOURCES**

A procedure manual has been developed for all functions in the Human Resources section, which is fully functional.

### **Staff Turnover**

We had quite a number of staff turnovers during the year under review, due to neighbouring municipalities that offered staff much better remuneration. Management then investigated this issue and discovered that it was indeed the case. They then sought the services of a Consultant to investigate the possibilities of benchmarking the Municipality against a Grade 6 Municipality. The Municipality would remain a Grade 3, but staff salaries would be benchmarked against a Grade 6 Municipality.

This exercise was completed; Local Labour Forum was consulted and was approved by Council to be implemented in the new financial year.

### **Personnel Filing System**

Subsequent to a number of meetings that were called by the Provincial Department of Sports, Recreation, Arts and Culture in King Williams Town, the officials from the above department visited to all municipalities within the Ukhahlamba District Municipality to introduce the new filing system for Personnel Files. This system will assist the Municipality to keep track of the filing system, thus minimising audit queries.

## **TRANSFORMATION AND CHANGE MANAGEMENT**

### **A. PERFORMANCE MANAGEMENT**

The Performance Management System has been effected for top management (s57's). During 2005/2006 it was introduced to middle management, this has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during the period under review.

Tenderers were invited by the Tender Adjudication Committee to present their PMS system to Management and Executive Committee. The presentations took place, but management were not happy with the systems that were presented as they were looking for a fully computerized system. This issue has thus not been finalised yet.

This performance management system (implemented at s57 Manager level) has ensured that service delivery was implemented based on targeted dates that were approved by Council.

This Performance Management System was linked to the Service Delivery and Budget Implementation Plans (introduced by the Municipal Finance Management Act, 2003), which were developed in line with budget and operational plans, in order to ensure that the IDP objectives were met.

Individual performance assessments for the individual s57 managers have been completed by an independent Committee, which was constituted by executive committee members and independent consultants.

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee (in order to comply with the spirit of Corporate Governance and regulation 14(1)(a)). The performance reviews of the s57 managers are being performed annually and not quarterly as intended. The Municipality are currently not complying with regulation 28(1) as detailed in the Audit Report of the Auditor General.

The reports are submitted to Council to assist Council to evaluate performance and to make the necessary interventions when these are identified.

### **B. SKILLS DEVELOPMENT**

The Skills Committee meets monthly and this committee is comprised of officials, Councillors and Labour Union representation.

In addition to skills development, Senqu Municipality has introduced an internship programme in order to alleviate the negative impact that skills shortages have on the recruitment and the subsequent placement of suitably qualified persons. This also has an impact on the operational functioning of the organisation, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted in the IDP.

With funding received from National Treasury, one intern was appointed in November 2006 but has since left the employ of Senqu Municipality due to an injury he had in one eye and after he was pronounced legally blind by the doctors appointed by the Municipality.

The internship programme is a process of empowering and capacitating future employable staff. Identified students/graduates from recognised institutions were engaged to work for the Budget & Treasury Department, for a set term of three months.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimised as the Municipality intends to absorb some of the already trained candidates.

### **C. OCCUPATIONAL HEALTH & SAFETY**

The Occupational Health & Safety Committee meetings sat bi-monthly during the period under review. No injuries on duty have been reported during this period. Safety Inspectors from the Department of Labour visits the Municipality on a regular basis to inspect health and safety issues. We must, therefore, congratulate our internal safety representatives from the different units on a job well done. Fire extinguishers are serviced once per annum, which ensures that we are always equipped if something should happen in the Municipality.

### **D. EMPLOYEE ASSISTANCE PROGRAM**

The Human Resource Officer currently acts as the EAP Officer in the Municipality. The Municipality should maybe look at employing a permanent person in this position, as it is very crucial for the welfare of staff.

We have encountered quite a number of problems with staff, e.g. staff is heavily indebted and as a result have no money to take home at the end of the day. This is one of the problems that may lead to alcohol and substance abuse among our staff members. We have had no reported/known cases of HIV/AIDS during the period under review. We are still encountering huge problems with staff that passes away and the municipality is stuck with benefits of these staff members that have no beneficiaries. The Corporate Services Department should endeavour to correct all the above by enlightening staff on their rights as soon as possible.

04



**FINANCIAL  
INFORMATION**



**ANNUAL REPORT**  
**BUDGET & TREASURY OFFICE**  
**30 JUNE 2008**

# BUDGET AND TREASURY DEPARTMENT

## INTRODUCTION

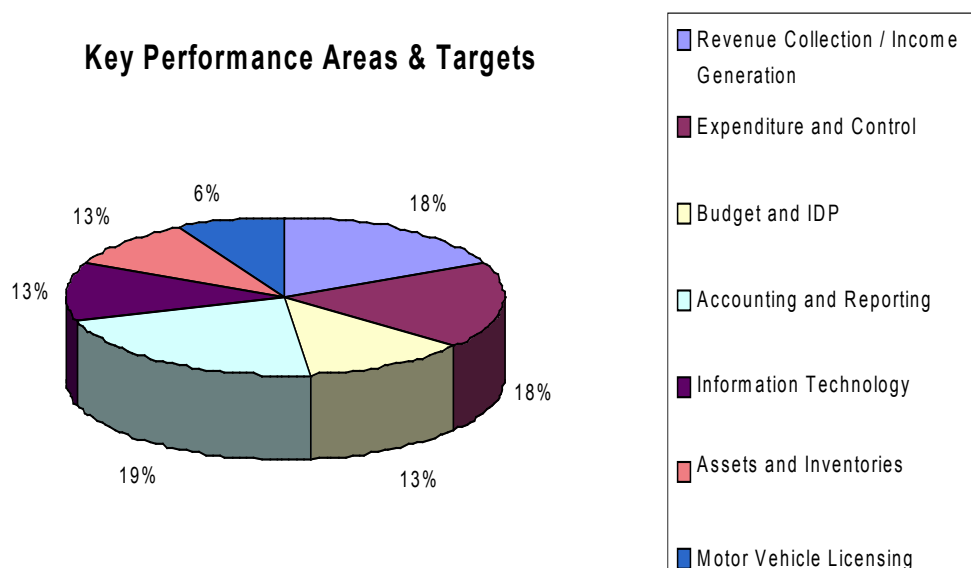
Council have a strong commitment to sound financial management and maintenance of a sound economic base. Senqu Municipality have a strong Finance department headed by the Chief Financial Officer Mr C Venter Annual Financial reporting and Assessment in terms 2007 / 2008 KPA and KPI's are as indicated hereunder.

### Key Performance Indicators

- Revenue and Collection / Income generation 18%
- Expenditure and control 18%
- Budgeting and IDP 13%
- Accounting and Reporting 19%
- IT 13%
- Assets and Stores 13%
- Motor Vehicle Licensing 6%

## 1. KEY RESULT AREAS / KEY PERFORMANCE INDICATORS AND TARGETS

With this dedicated staff component the following functions (Key Performance Indicators and Targets) were set, performed and maintained with great success during the 2007/08 financial year:



## 2. 2007 / 2008 BUDGET

### 2.1.1. 2007 / 2008 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the MFMA and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible tried to compile the 2007/2008 Budget in the format prescribed by National Treasury – MFMA Circular No 28 – Budget Content and Format – 2006/07 MTREF.

### 2.1.2. Capital Expenditure (Table 2 – Capital Programme)

Council's MIG (Municipal Infrastructure Grant) allocation increased from the R 7 328 000 to R 8 234 000 for the 2007 / 08 financial year. The MIG allocation of R 7 822 300 (R 8 234 000 less 5% - R 411 700, allocated to the Project Management Unit) would be used finance the following projects:

Storm water channel at Kwezi-Naledi housing project	R 7 088 497
Establishment of Formal Cemeteries	R 687 750
Rossouw Solid Waste Site	R 46 053
Establishment of MIG Project Management Unit (PMU)	R 411 700
	R 8 234 000

Due to budget constraints a minor amount of R 2 017 390 from council's own revenue would go towards capital expenditure. It would amongst others go to the following projects:

Completion of Phase I - Additional Office Accommodation	R 500 000
Completion of Community Hall at Tapoleng	R 250 000
Completion of a Community Hall at Majuba	R 250 000

It is anticipated that R 11 369 581 would go towards the completion of existing housing projects.

Council further intends to take up a loan to finance the completion of the office complex. It is foreseen that R 8 000 000 during the 2007 / 2008 and a further R 1 000 000 during the 2008 / 2009 financial years would be required.

## 2.2. Operational expenditure (Table 1)

There is a need to highlight the following in council's operational budget:

- Councillors remuneration amounts to R 5 771 145 of which R 1 143 179 is financed by a special allocation to be received from the national government;
- Personnel costs vs. total operational expenditure are 37.99%. The Organogram provides for 442 posts of which 170 are filled, 27 are vacant and funded and 245 are unfunded. Amongst others the following expenditure was provided for:

Performance management system & agreements – legal requirement	1101 / 2019	R 675 990
Maintenance to existing streets & access roads	4600	R3 451 830
Repairs to pedestrian bridges	4600 / 3002	R 600 000
Supporting SMME's	5200 / 2012	R 300 000
Gxothindlala agricultural project	5200 / 2014	R 250 000
Repairs to rural sport fields	5450 / 3210	R 500 000
Repairs to fence around Sport Field in Kwezi-Naledi	5450 / 3208	R 200 000
Tourism – Support to Senqu Tourism Organisation	5750 / 2248	R 550 000

- R 6 983 893 (previous year R 6 178 345) would go directly to provide services to the (indigent) poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy.

## 2.3. Rates and Tariffs

Extensive consultation within the budget executive and budget technical committees has resulted in probably the most transparent and fair budget-related policies this council have seen. During the consultation meetings held on council's new rates policy as required in terms of the new Municipal Property Rates Act, No 6 of 2004, community participation exceeded all expectations. One can proudly say council's policies are the community's policies.

The following budget-related policies have also been reviewed during 2007/2008.

- Integrated Development Plan and Budget Policy;

- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

An increase of 6.0% on all water, sanitation and refuse removal tariffs have been budgeted for. The rates tariff will increase by 6.0% to 1.69% and to encourage development of vacant property the rates tariff on vacant properties would be 3.38%. With the help of ESKOM council's electricity tariffs have been redesigned to reflect a cost related tariff. This has been submitted to the National Electricity Regulator for consideration and approval and the planned implementation date is 1 July 2007.

## 2.4. Conclusion

The challenge now is to conclude the 2007 / 08 budget process by dealing with:

- The finalization of the cash flow statements;
- The finalization of the measurable performance objectives;
- The finalization of the service delivery and budget implementation plan (SDBIP); and

The finalization of performance management scorecards and agreements for the sect 57 managers and middle managers, before 30 June 2008 – S57 process fully implemented although went beyond planned dates of implementation. The performance management scorecards and agreements for middle management has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during the period under review. Tenderers were invited by the Tender Adjudication Committee to present their PMS system to Management and Executive Committee. The presentations took place, but management were not happy with the systems that were presented as they were looking for a fully computerized system. This issue has thus not been finalised – it is planned to be completed by June 2008/2009 financial year.

## 3. BUDGET RELATED RESOLUTIONS

As required by the Municipal Finance Management Act, No 56 of 2003, and to reflect the legal form of the budget, the draft resolutions to be considered upon approval of the budget after the consultation process would be:

1. Council resolves that the annual budget of the municipality for the financial year 2007 / 2008; and indicative for the two projected outer years 2008 / 2009 and 2009 / 2010 be approved as set-out in the following schedules:

- Operating revenue by source reflected in Schedule 1;
- Operating expenditure by vote reflected in Schedule 2;
- Operating expenditure by GFS classification reflected in Schedule 2 (a);
- Capital expenditure by vote reflected in Schedule 3;
- Capital expenditure by GFS classification reflected in Schedule 3 (a);
- Capital funding by source reflected in Schedule 4; and
- Council resolves that multi-year capital appropriations by vote and associated funding reflected in Schedules 3, 3(a) and 4 be approved.

2. Council resolves that property rates reflected in council's Tariff Structure – See Annexure 1 and any other municipal tax reflected in council's Tariff Structure – See Annexure 1 are imposed for the budget year 2007/08.

3. Council resolves that tariffs and charges reflected in council's Tariff Structure – See Annexure 1 are approved for the budget year 2007/08.

4. Council resolves that the measurable performance objectives for revenue from each source reflected in (to be done) are approved for the budget year 2007/08.

5. Council resolves that the measurable performance objectives for each vote reflected in (to be done) are approved for the budget year 2007/08.



6. Council resolves to adopt the Integrated Development reflected in Annexure 2.

7. Council resolves that the amended policies for credit control, debt collection and indigents as reflected in Annexure 3 - 7 are approved for the budget year 2007 / 08.

8. Council resolves that the other amended budget related policies reflected in Annexure 3 - 7 are approved for the budget year 2007 / 08.

9. Council notes the SDBIP (Service Delivery and Budget Implementation Plan) tabled with the budget for subsequent approval by the Mayor.

When the budget is tabled for approval, the approval should be based on these or amended resolutions.

## **4. THE BUDGET**

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

### **4.1. Executive Summary**

As required the Budget Executive committee met for the first time on 29 August 2007 during which council's previous year's (2006 / 07) budget process was evaluated through the BEC (Budget Evaluation Checklist). At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council on 29 August 2007, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2007 the Budget Executive committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in all 16 wards. All needs recorded were later prioritised and included in council's Integrated Development Plan.

The budget technical committee has in the addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2006 / 2007 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritise community needs in the IDP.

During January 2007 the draft budget and supporting documents were tabled to the budget executive committee for consideration, discussion and approval.

### **4.2. Budget Schedules**

#### **SCHEDULE 1 – REVENUE BY SOURCE**

Council's realistic anticipated revenue of R 60 651 229, of which the national contribution is R 31 891 700, is set out on Schedule 1. Provincial and district contributions are not yet available.

#### **SCHEDULE 2 – OPERATING EXPENDITURE BY VOTE (FUNCTIONAL AREA / DEPARTMENT)**

SCHEDULE 2 (A) – Operating expenditure by GFS (Government Finance Statistics) classification. Detail of this budgeted expenditure of R 60 584 004 is reflected on Table 1 and Table 1 (a).

SCHEDULE 3 – CAPITAL EXPENDITURE BY VOTE

SCHEDULE 3 (A) – CAPITAL EXPENDITURE BY GFS CLASSIFICATION.

SCHEDULE 4 – CAPITAL FUNDING BY SOURCE.

#### 4.3. Budget Related Charts and Explanatory Notes

Table 1	– Revenue by Source.
Table 1 (a) Page 1	– Operating expenditure by vote.
Table 1 (a) Page 2	– Revenue by vote.
Table 2	– Operating Expenditure by Vote.
Table 3	– Capital Expenditure by Vote.
Table 4	– Capital Funding by Source.
Table 5	– Summary Revenue & Expenditure by Vote.
Table 6	– Operating Expenditure by Type

### 5. SUPPORTING DOCUMENTATION

The numerous number of documents required as supporting documents in terms of section 17 (3) of the Municipal Finance Management Act, No 56 of 2003, are either included as schedules, tables or annexure into this budget or circulated separately. The documents are also available at the Barkly East, Lady Grey and Sterkspruit administrative units and on council's website – [www.senqu.gov.za](http://www.senqu.gov.za).

#### 5.1. Budget Process Overview

The MFMA Circulars 10, 13, 14, 19, 27, 28 and 41 issued by the National Treasury was used as a guidance mechanism during the 2007 / 08 budget processes. From this council has developed an **IDP (Integrated Development Plan) and Budget policy** to guide the established Budget Executive and Budget Technical committees.

The **Budget Executive committee** consists of the Mayor, Speaker, council's five executive committee members, the Municipal Manager (as Accounting Officer) and all senior managers. This committee provides the necessary political oversight to the **Budget Technical committee**, which consists of the Municipal Manager, all senior managers and senior staff from the different departments – Corporate and Support, Budget and Treasury, Technical and Engineering and Community and Social services. Staff from the Budget and Treasury department, under guidance of the Chief Financial Officer, acts as secretariat to both committees. Budget Technical committee meetings are held when required to meet the deadlines stipulated in council's Schedule of Key Deadlines and report back to the Budget Executive committee every second month or when required. The Mayor and Municipal Manager act as chairperson to the Budget Executive and Budget Technical committee respectively.

The **Schedule of Key Deadlines** issued by National Treasury was also used as guideline for council to develop its own Schedule of Key Deadlines, which takes effect once council has approved it during August. A summarized version thereof is then advertised in the local newspapers and placed on council's web-site. Interest groups and stakeholders are annually invited to register and form part of council's **Local Budget Consultation Forum**. Council's IDP and Budget policy provides guidelines as to how this forum and the **Sector Budget Consultation Forum** should be established. Amongst others, has council ensured that at least two members of each of its sixteen **ward committees** are represented on the Local Budget Consultation Forum. All relevant national and provincial departments, as well as the district municipality – Ukhahlamba district municipality – forms part of the Sector Budget Consultation Forum. Council meets at least two times during the budget process and once after the draft budget has being tabled with these forums.

The Budget Executive committee, with the involvement of the **ward councillors** and ward committees, annually engage itself in an **Outreach Programme** during which community meetings are held in all sixteen wards. This has proved to be a very fruitful exercise as the community uses this opportunity to inform council of their

needs. All needs / problems discussed, whether local, district, provincial or national are recorded, prioritised and summarized in a report for follow-up or inclusion into council's IDP. Non-local issues (national, provincial and district) raised are discussed at the Sector Budget Consultation Forum, whilst local issues are prioritised by the Local Budget Consultation Forum for inclusion in council's IDP.

Any matter needing a broader political overview is discussed with the full council by the Mayor and brought back to the Budget Executive committee. Council treats its IDP and budget process as one process and is always discussed at the same time at committee and forums.

Once the draft budget is tabled by the Mayor in March, the budget and required supporting documents are made available for representation and / or comments. It can either be viewed in hard copy at one of council's administrative units or on council's web-site – [www.senqu.gov.za](http://www.senqu.gov.za). The tabling and invitation to submit representation / comments are also advertised in locally circulated newspapers and on municipal notice boards.

The Budget Executive committee keeps record and deals with all representations and comments received. Any adjustments resulting there from are done before the budget is submitted for approval towards the end of May.

## **5.2. Alignment of Budget with Integrated Development Plan**

Council's reviewed Integrated Development Plan (IDP), as discussed at various committee and forum meetings, is attached as Annexure 2 and is also available on council's website. A hard copy thereof is available at council's three administrative units.

The following Supporting Tables would reflect council's ability to finance the priorities identified in its IDP:

Supporting Table 1 – Reconciliation of IDP and Budget – Revenue;

Supporting Table 2 – Reconciliation of IDP and Budget – OPEX (Operational Expenditure);

Supporting Table 3 – Reconciliation of IDP and Budget – CAPEX (Capital Expenditure).

## **5.3. Budget Related Policies Overview and Amendments**

Council's budget related policies are attached as:

Annexure 3 – Budget and Integrated Development Plan (IDP) policy;

Annexure 4 – Credit Control and Debt Collection policy;

Annexure 5 – Free Basic Service and Indigent Subsidy Support policy;

Annexure 6 – Tariff policy; and

Annexure 7 – Rates policy.

Apart from the new Rates policy, the existing policies were reviewed by the Budget Executive and Budget Technical committees and no amendments thereto were required. A new Rates policy as required by the Municipal Property Rates Act, No 6 of 2004, was developed through a consultation process.

## **5.4. Budget Assumptions**

## **5.5. Funding the Budget**

Schedule 1 – Revenue by Source

Schedule 4 – Capital Funding by Source

Supporting Table 4 – Investment Particulars by Type;

Supporting Table 4 (a) – Investment Particulars by Maturity;

Supporting Table 5 – Government Grants and Subsidies – Allocations;

Supporting Table 6 – New Borrowings.

## 5.6. Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements:

<b>ANNEXURE 8</b>	ESKOM	Bulk Electricity Supply to town of Barkly East	R	0
<b>ANNEXURE 9</b>	ESKOM	Bulk Electricity Supply to town of Lady Grey	R	0
<b>ANNEXURE 10</b>	ESKOM	Bulk Electricity Supply to town of Sterkspruit	R	0
<b>ANNEXURE 11</b>	Electoral Commission	Establishment of Electoral Unit	R	0
<b>ANNEXURE 12</b>	ESKOM	Free Basic Electricity to Rural consumers	R	2 272 779
<b>ANNEXURE 13</b>	Department Of Transport	Registration and Licensing of motor vehicles	R	0
<b>ANNEXURE 14</b>	Department of Health	Primary Health Care	R	601 560
<b>ANNEXURE 15</b>	Senqu Tourism	Tourism function	R	550 000
<b>ANNEXURE 16</b>	Water Service Authority	Water & Sanitation services	R	6 683 535
<b>ANNEXURE 17</b>	DBSA	Local Government Network	R	0
<b>ANNEXURE 18</b>	BERTA	Management Barkly East Caravan Park	R	0

*Supporting Table 7 – Grants allocations.*

## 5.7. Disclosure on Salaries, Allowances and Benefits

Council's detailed Organisational Structure is attached as Annexure 19.

Supporting Table 8 – Disclosure of Salaries, Allowances and Benefits;  
Supporting Table 8 (a) – Summary of Total Salaries, Wages, Allowances, etc;  
Supporting Table 8 (b) – Summary of Personnel Numbers.

## 5.8. Monthly Cash Flows by Source

## 5.9. Measurable Performance Objectives

## 5.10. Disclosure on Implementation of MFMA and Other Legislation

## 5.11. Budgets and SDBIPs – Departmental / Functional

## 5.12. Budgets and SDBIPs – Entities and Other External Mechanisms

## 5.13. Summary of Detailed Capital Plans

## 5.14. Budgeted Financial Statements

## 6. INTEGRATED DEVELOPMENT PLAN (IDP) – 2007 / 2008

### 6.1 Review Process

- Outreach programme to all wards by the executive council of Senqu Municipality during the months of October and November 2007 to identify new priorities.
- Local Consultation Forum / Budget meetings were held at Lady Grey (January 2008), Sterkspruit

(January 2008) & Barkly East (February 2008).

- Review of the IDP strategic objectives and strategies by the Budget Technical Committee on the 13 December 2007.
- Determination of projects to meet objectives and strategies.
- Alignment with the Ukhahlamba District Municipality and Sector Departments in February 2008.
- Public participation in February 2008.
- Service Level Agreements put into place and proposed budget and service delivery plans taken to Council (March 2008).
- IDP and Budget published for comment (April 2008).
- Consultation with Sector Departments (February / March 2008).
- Revise IDP and Budget if necessary (April 2008)
- Public hearings and Council Debate on IDP and Budget (May 2008)
- Amendments to IDP and Budget.
- Final approval end June 2008.
- IDP Document submitted to MEC of Department of Provincial and Local Government for comment.
- 2007/2008 IDP annual review starts in August 2008 in conjunction with budget processes.

## **6.2 2007 / 2008 Priority Issue Areas**

The following priority issues were identified during the community outreach programme and community consultations with the executive committee and management. It takes into account issues also raised during the needs analysis of the original IDP and have not changed that significantly since the original analysis:

- Institutional capacity building;
- Institutional restructuring;
- Water and sanitation;
- Addressing HIV/Aids;
- Stimulation of the economy with special emphasis on agriculture;
- Roads and storm water;
- Electricity provision; and
- Housing provision and the acquisition of land.

### 6.3 Strategic Development Objectives

OBJECTIVES	STRATEGIES
<p><b>To support the increase in the economic growth of the area by at least 3% by end June 2008.</b></p>	<ul style="list-style-type: none"> <li>• Procurement policy to support skills transfer</li> <li>• Initiate Job Creation Programme</li> <li>• Establishment of sustainable agricultural and tourism projects</li> <li>• Maximize natural resources</li> <li>• Promotion of local employment</li> <li>• Opening up economic opportunities</li> <li>• Increase Public Private Partnership</li> <li>• Market the potential of the area</li> <li>• Accelerate the establishment of SMME's</li> <li>• Implement Black Economic Empowerment Policy</li> <li>• Implement the Expanded Public Works Programme</li> <li>• Add value to production</li> </ul>
<p><b>To develop skills base for the community of Senqu municipal area by December 2010.</b></p>	<ul style="list-style-type: none"> <li>• Introduce Capacity Development Programmes (internal and external capacity)</li> <li>• Lowering the illiteracy rate</li> <li>• Establish accessible ABET centre</li> <li>• Support the Department of Education in their endeavours to educate people</li> <li>• Training programmes to be biased towards women, youth and disabled</li> <li>• Training programmes on municipal projects are coordinated and have a special focus in the area of technical and financial skills</li> </ul>
<p><b>To mobilize community for the reduction of crime and divert youth from criminal activities by the end June 2008.</b></p>	<ul style="list-style-type: none"> <li>• Consolidation of community policing forums and mobilization of key role-players in crime prevention</li> <li>• Support for diverse recreational and sport facilities</li> <li>• Safety and security awareness programmes for the community</li> <li>• Local Economic Development</li> </ul>
<p><b>To improve public access to social services by the end December 2014.</b></p>	<ul style="list-style-type: none"> <li>• Lobby key service providers, especially banking, telephone, and television, transport and home affairs</li> <li>• Improving the transportation system of the area</li> <li>• Municipal performance</li> </ul>
<p><b>To upgrade access roads and ensure that they are maintained sufficiently by end June 2008.</b></p>	<ul style="list-style-type: none"> <li>• Suitable storm water reticulation installed</li> <li>• Accessible roads are constructed</li> <li>• Maintenance and monitoring systems are developed and implemented</li> <li>• Increase capacity of Senqu Municipality to perform functions related to roads</li> <li>• Source funding in line with the roads function</li> <li>• Purchasing of plant and equipment</li> <li>• Roads Maintenance Plan</li> <li>• Illima Programme</li> <li>• Expanded Public Works Programme</li> <li>• MIG Programme</li> </ul>
<p><b>To provide clean water to all residents by end December 2008.</b></p>	<ul style="list-style-type: none"> <li>• Lobby Water Services Authority (Ukhahlamba District Municipality)</li> </ul>
<p><b>To increase access to adequate sanitation to all residents by end December 2014.</b></p>	<ul style="list-style-type: none"> <li>• Lobby Water Services Authority (Ukhahlamba District Municipality)</li> </ul>
<p><b>To ensure that more households have access to reliable electrical services by end December 2006.</b></p>	<ul style="list-style-type: none"> <li>• Lobby ESKOM</li> <li>• Upgrading existing reticulation</li> <li>• Establishment of REDS</li> </ul>

OBJECTIVES	STRATEGIES
<p><b>To ensure that more than 15 000 inhabitants have access to formal housing by end of December 2014.</b></p>	<ul style="list-style-type: none"> <li>• Registration of housing applications</li> <li>• Utilization of government housing programmes</li> <li>• Lobby Department of Land Affairs for access to land</li> <li>• Coordinated service provision</li> <li>• Ensure correct town planning and zoning procedures are followed</li> <li>• Ensure sole security of tenure</li> <li>• Establishment of Housing Sector Plan</li> </ul>
<p><b>To ensure that all towns have access to registered solid waste sites by end December 2010.</b></p>	<ul style="list-style-type: none"> <li>• Establish registered solid waste sites</li> <li>• Develop solid waste management plan</li> </ul>
<p><b>To increase access to health services to all residents by the end of December 2014.</b></p>	<ul style="list-style-type: none"> <li>• Lobby District Municipality and Department of Health to improve health facilities.</li> <li>• Engage the Provincial Government on the Provincial hospitals</li> <li>• Aids education in schools is improved through agreements with the Departments of Education and Health</li> <li>• Aids education is also provided for people not at school through the use of trained and qualified local AIDS counsellors</li> <li>• Establish basic services and infrastructure</li> </ul>
<p><b>To improve communications with all stakeholders</b></p>	<ul style="list-style-type: none"> <li>• Access to information</li> <li>• Institute systems to improve communication with institutions</li> <li>• Intergovernmental Forum</li> <li>• Establish communications strategy</li> </ul>
<p><b>To increase the revenue base of the municipality by at least 3% per annum.</b></p>	<ul style="list-style-type: none"> <li>• Revise the current tariff structure</li> <li>• Identify and diversify sources of revenue – enhance revenue management - implement revenue management plan / strategies</li> <li>• Comprehensive Valuation Roll</li> <li>• Comprehensive data base</li> <li>• Increase service delivery</li> <li>• Pre-paid electricity systems</li> <li>• Implementation of the Municipal Finance Management Act</li> </ul>
<p><b>To develop a Disaster Management Programme by the end of June 2008.</b></p>	<ul style="list-style-type: none"> <li>• Lobby Ukhahlamba district municipality.</li> <li>• Compile a local disaster management plan.</li> </ul>
<p><b>To integrate and implement new by - laws and update as need requires.</b></p>	<ul style="list-style-type: none"> <li>• Update by-laws on regular basis</li> </ul>
<p><b>To improve community lighting in all towns and identify areas for installation by 2008.</b></p>	<ul style="list-style-type: none"> <li>• Installation of streetlights in towns</li> <li>• Installation of community lighting in villages on a phased approach</li> <li>• Liaise with ESKOM</li> </ul>
<p><b>To improve institutional capacity.</b></p>	<ul style="list-style-type: none"> <li>• Human Resource Development Strategy</li> <li>• Implementation and compliance with all Local Government Legislation</li> <li>• Improve administrative capacity</li> <li>• Implementation of Retention strategies / policies</li> <li>• Finalization of job evaluation</li> <li>• Revisit Organogram</li> </ul>
<p><b>To ensure Consultative community participation</b></p>	<ul style="list-style-type: none"> <li>• Outreach Programme/Public participation</li> <li>• Comply with all Local Government Legislation</li> <li>• Attendance of Council, Budget and IDP meetings</li> </ul>

OBJECTIVES	STRATEGIES
<b>To improve access to community facilities by 2014</b>	<ul style="list-style-type: none"> <li>• Construction of community halls</li> <li>• Construction of shearing sheds</li> <li>• Construction and rehabilitation of sports grounds</li> <li>• Construction of clinics</li> </ul>
<b>To ensure additional office space in 2008/2009 financial year</b>	<ul style="list-style-type: none"> <li>• Extension of Municipal Offices</li> </ul>
<b>Address housing challenges</b>	<ul style="list-style-type: none"> <li>• Develop a turnaround strategy</li> <li>• Develop a housing policy</li> </ul>



## 7. OPERATIONAL EXPENDITURE

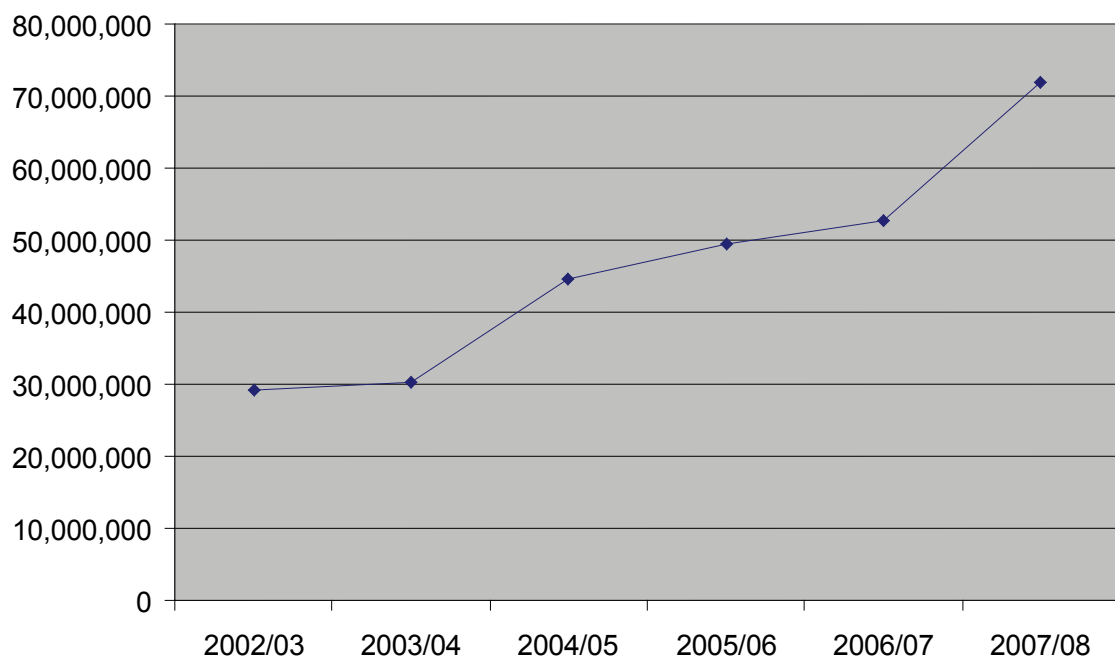
The first challenge was to meet the guideline growth limit of 5.5% increase on expenditure set by the National Treasury. The R 71 837 972 (R 89 677 662 less R 17 839 690 – capital expenditure) budgeted for operational expenditure is 36.60% (R 19 248 745) more than the previous year, but only R 6 412 868 (9.8%) more than the approved 2006 / 2007 Adjustment Budget of R 65 425 104, which is within the limit set. This amount includes services rendered on an agency basis on behalf of:

- Vote 4550 – Sanitation / Sewerage (WSA Ukhahlamba District Municipality) R 5 004 385
- Vote 4650 – Water (WSA Ukhahlamba District Municipality) R 4 511 930
- Vote 5250 – Primary Health Care (Department of Health) R 554 948

### Growth in Operational Expenditure

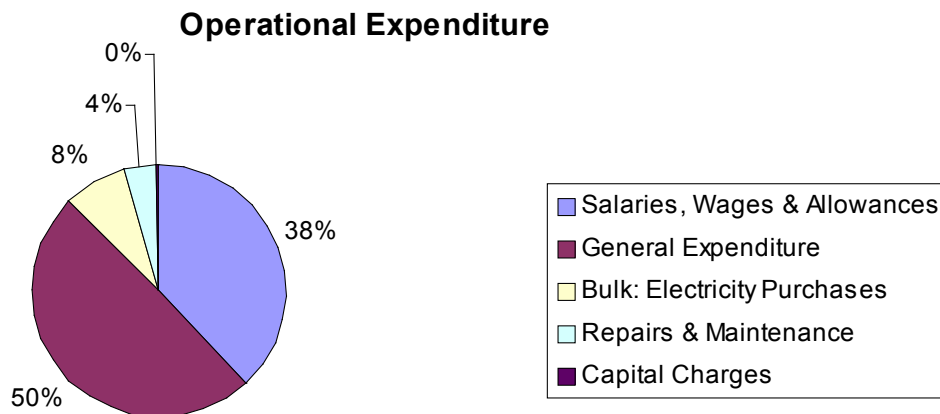
FINANCIAL YEAR	2007 / 08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
AMOUNT	71 837 972	52 589 227	49 389 882	44 155 072	29 990 615	28 965 325
PERCENTAGE INCREASE	36.60%	6.47%	11.86%	47.23%	3.54%	16.37%

### Growth in Operational Expenditure



## Operational Expenditure Analysis:

	2007 / 08 BUDGET	2006 / 07 BUDGET	VARIANCE PREVIOUS YEAR	VARIANCE %	% OF TOTAL EXPENDITURE	% OF OPERATIONAL EXPENDITURE
Salaries, Wages & Allowances	27 291 710	23 538 168	3 753 542	15.95%	30.43%	37.99%
General Expenditure	35 620 357	19 052 995	16 567 362	86.95%	39.72%	49.58%
Bulk: Electricity Purchases	5 717 500	5 441 300	276 200	5.01%	6.38%	7.96%
Repairs & Maintenance	3 045 305	4 213 744	(1 168 439)	(5.93%)	3.40%	4.24%
Capital Charges	163 100	163 020	80	(0.05%)	0.18%	0.23%
Contributions to Capital Outlay	17 839 690	11 621 176	6 218 514	53.51%	19.89%	
Contributions to Funds	0	180 000	(180 000)	(100%)	0%	0%
<b>BUDGETED EXPENDITURE</b>	<b>89 677 662</b>	<b>64 210 403</b>	<b>14 820 521</b>	<b>39.66%</b>		
Less Contr. to Capital Outlay	17 839 690	11 621 176	6 218 514	53.51%		
<b>OPERATIONAL EXPENDITURE</b>	<b>71 837 972</b>	<b>52 589 227</b>	<b>19 248 745</b>	<b>36.60%</b>	<b>100.00%</b>	<b>100.00%</b>



### 7.1 Personnel Expenditure

Although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate within the norm of 30.0 - 35.0% set by the National Treasury, Department of Provincial and Local Government and SALGA by reducing the current personnel expenditure of 30.43%. Comparative figures of the previous year are 44.76% and 44.42%.

### 7.2 General Expenditure

The General expenditure (excluding Bulk: Electricity Purchases of (R 5 717 500) has increased by 86.95% (R 16 567 362) to R 35 620 357 which is 49.58% of the total operating expenditure.

The following aims directly to address projects identified as priorities in Council's Integrated Development Plan:

Performance management system & agreements – legal requirement	1101 / 2019	R 675 990
Maintenance to existing streets & access roads	4600	R3 451 830
Repairs to pedestrian bridges	4600 / 3002	R 600 000
Supporting SMME's	5200 / 2012	R 300 000
Gxothindlala agricultural project	5200 / 2014	R 250 000
Repairs to rural sport fields	5450 / 3210	R 500 000
Repairs to fence around Sport Field in Kwezi-Naledi	5450 / 3208	R 200 000
Tourism – Support to Senqu Tourism Organisation	5750 / 2248	R 550 000

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2007/2008 financial year and Eskom was requested to make this available to all consumers currently using 20 Amp or smaller meters. R2 127 918 of Council's equitable share allocation has been earmarked for this project that would now be rolled out to Transwilger in Lady Grey and Nkululeko in Barkly East. This programme would be extended during the financial year.

### 7.3 Repairs and Maintenance

Council's intention to maintain its infrastructure and assets is clear with the amount of R 3 045 305, 4.24% of total operational budget allocated to repairs and maintenance.

### 7.4 Capital charges / loan commitments

Council has resolved not take up any further loans during the 2007/08 financial year.

### 7.5 Contributions to Capital Outlay

The R 17 839 690 (19.89% of total operational expenditure) made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan and is 53.51% more than the previous year's allocation of R 11 621 176.

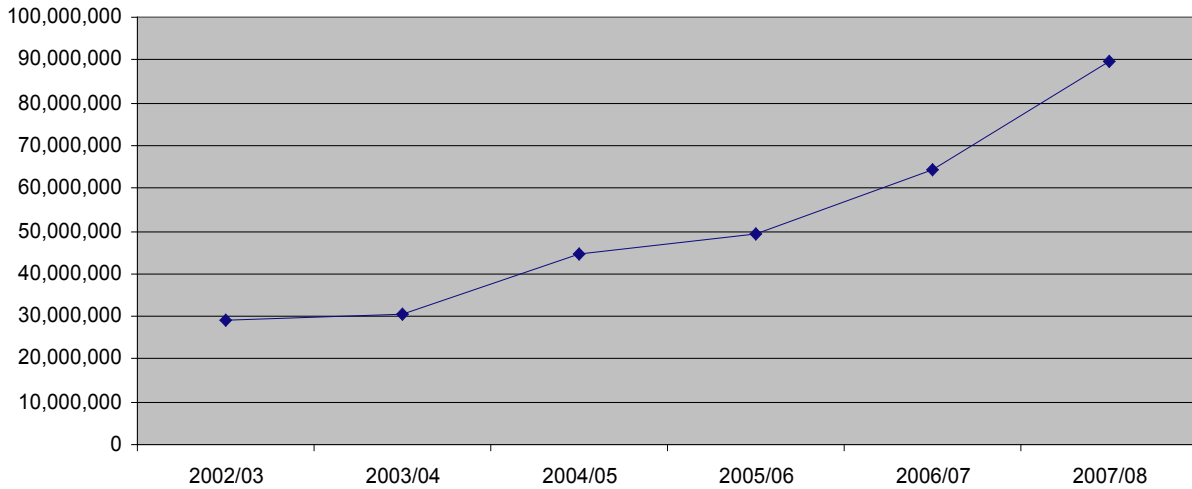
## 8. OPERATIONAL INCOME

The realistic anticipated revenue of R 89 744 877 is 39.60% (R 25 456 369) more than the previous financial year and resulted in an estimated surplus of R67 225. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

#### Growth in Operational Income

FINANCIAL YEAR	2007/08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
AMOUNT	71 837 972	64 288 508	49 425 965	44 654 512	30 303 486	29 085 842
PERCENTAGE GROWTH	36.60%	30.07%	10.69%	47.36%	4.19%	13.82%

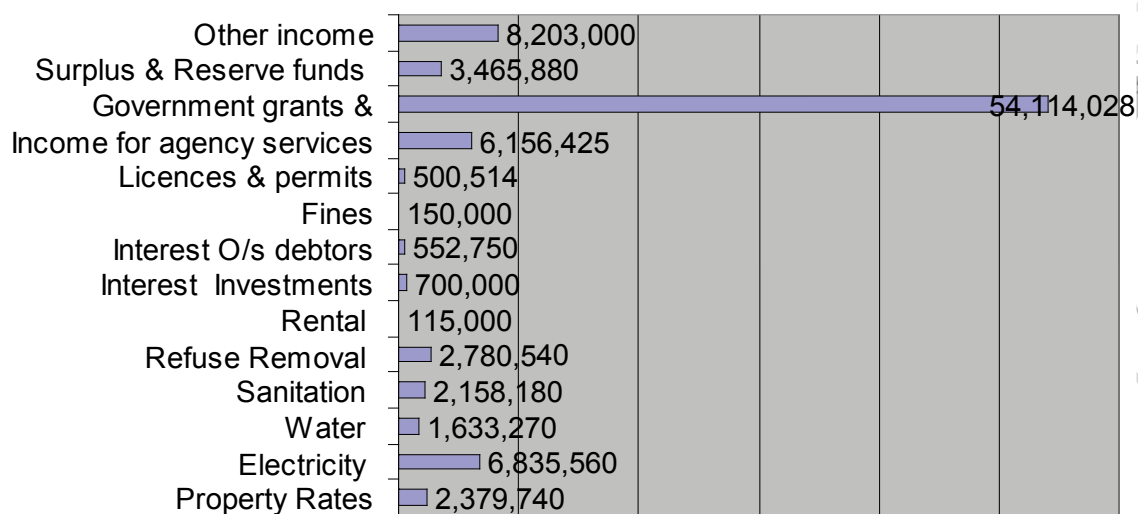
### Growth in Revenue



An analysis of Council's revenue sources is as follows:

REVENUE BY SOURCE	2007/2008	2006/2007
	R	R
<b>OPERATING REVENUE BY SOURCE</b>		
Property Rates	2,379,740	2,374,830
Property Rates - penalties imposed & collection charges	-	-
Service charges - electricity revenue from tariff billing	6,835,560	6,594,216
Service charges - water revenue from tariff billing	1,633,270	1,700,710
Service charges - sanitation revenue from tariff billing	2,158,180	2,328,759
Service charges - refuse removal revenue from tariff billing	2,780,540	2,544,185
Service charges - other	-	-
Rental of facilities and equipment	115,000	1,384,332
Interest earned - external investments	700,000	2,938,379
Interest earned - outstanding debtors	552,750	701,445
Dividends received	-	-
Fines	150,000	366,560
Licences and permits	500,514	1,111,622
Income for agency services	6,156,425	4,404,698
Government grants and subsidies	54,114,028	28,482,940
Surplus & reserve funds appropriated	3,465,880	6,638,200
Other income	8,203,000	822,824
Public contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
<b>TOTAL</b>	<b>89,744,887</b>	<b>62,393,700</b>

## Revenue by Source



### 8.1 Equitable Share

Council's Equitable share allocation was increased by 12.95% (R 6 350 812) from R 27 649 635 to R 31 230 447, which include R1 143 179 as a contribution to the increase in Councillor's remuneration and remains Council's major source of income.

The following demographic data (from the 2001 Census statistics) was used for calculating council's equitable share and MIG allocations:

	2007/2008
Population	135 141
Number of households (71% Formal and 28.9% Informal)	34 051
Number of households earning less than R800 per month	25049
Number of households earning less than R1 600 per month	29950
Water backlog	21169
Sanitation backlog	34188
Electricity backlog	12723
Refuse backlog	34192
Housing backlog	1453
Estimated poverty rate	88%

*Growth in Equitable share allocation:*

FINANCIAL YEAR	2007 / 08	2006 / 07	2005 / 06	2004 / 05	2003 / 04	2002 / 03
<b>Basic Services</b>	30 087 268	18 970 381	17 587 990	21 951 611	17 879 436	17 710 905
<b>Free Basic Electricity</b>		2 802 722	2 802 722	2 268 064	1 864 011	
<b>Free Basic Services</b>		4 519 732	3 302 046	2 348 805	1 758 511	
<b>Add Councillor Supp</b>	1 143 179	1 356 800				
<b>Total Allocation</b>	31 230 447	27 649 635	23 692 758	26 568 480	21 501 958	17 710 905
<b>% Growth</b>	12.95%	16.70%	(10.82%)	23.56%	21.41%	17.95%

## 8.2 Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

### NATIONAL GOVERNMENT

- R250 000 for the implementation of the Municipal Finance Management Act;
- R411 700 for the establishment of a MIG Project Management Unit.

### PROVINCIAL GOVERNMENT

- R 140 000 for Human resources Development;
- R 400 000 for Valuation Roll;

### DISTRICT MUNICIPALITY

- R5 554 865 for rendering auxiliary support services for water and sanitation.

## 8.3 Own income

Council's sound financial management since establishment during December 2000 has lead to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the first six months of the 2007 / 2008 financial year.

## 8.4 Operational Income analysis

REVENUE BY SOURCE		
	2007/2008	2006/2007
	R	R
<b>Operating Revenue by Source</b>		
Property Rates	2,379,740	2,374,830
Property Rates - penalties imposed & collection charges	-	-
Service charges - electricity revenue from tariff billing	6,835,560	6,594,216
Service charges - water revenue from tariff billing	1,633,270	1,700,710
Service charges - sanitation revenue from tariff billing	2,158,180	2,328,759
Service charges - refuse removal revenue from tariff billing	2,780,540	2,544,185
Service charges - other	-	-
Rental of facilities and equipment	115,000	1,384,332
Interest earned - external investments	700,000	2,938,379
Interest earned - outstanding debtors	552,750	701,445
Dividends received	-	-
Fines	150,000	366,560
Licences and permits	500,514	1,111,622
Income for agency services	6,156,425	4,404,698
Government grants and subsidies	54,114,028	28,482,940
Surplus & reserve funds appropriated	3,465,880	6,638,200
Other income	8,203,000	822,824
Public contributions & donated or contributed PPE	-	-
Gain on disposal of property, plant & equipment	-	-
<b>TOTAL</b>	<b>89,744,887</b>	<b>62,393,700</b>

## 9. WATER SERVICE AUTHORITY (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: Ukhahlamba district municipality. The tariffs were increased during 2007/2008. The tariffs increased by 100% - it now becomes very costly to purchase water. The WSA was again requested to honour Council's Free Basic Services and Indigent Subsidy Support Policy.

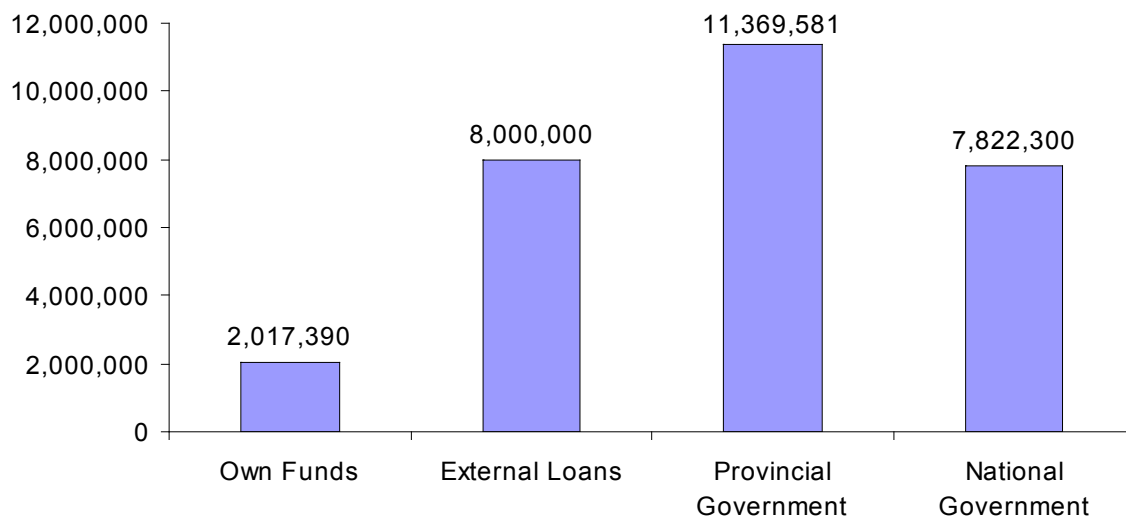
A service delivery agreement between the WSA: Ukhahlamba district municipality and WSP (Water Service Provider): Senqu municipality has been entered into during 2006/2007 however; this arrangement is on a more informal basis and a more relevant legalized document is being developed by UKDM to be signed during 2008/2009 financial year. Currently the rendering of these services continues uninterrupted, notwithstanding the extensive challenges that have faced the water-related targets, and notwithstanding the overall poor quality of water (having improved), negative publicity to the Ukhahlamba District Municipality and Senqu Municipality a result of the Baby Death incidents, poor infrastructure and the operational challenges that have been identified, it must be acknowledged that plans and funding have been leveraged by the District to resolve these issues over time.

## 10 2007 / 2008 CAPITAL BUDGET

Council's three-year capital programme:

	2006 / 2007	2007 / 2008	2008 / 2009	2009 / 2010
<b>INFRASTRUCTURE ASSETS</b>				
• Electricity	1 074 000			2 050 000
• Roads	1 489 078	7 088 497		133 018 900
• Sewerage / Waste	846 053	46 053		
• Water	600 726	200 000		
<b>COMMUNITY ASSETS</b>				
• Buildings	3 872 936	8 627 390		13 700 000
• Recreational Facilities	1 200 000	687 750		300 000
• Security Measures	521 872			
• Cemeteries	2 657 661			200 000
<b>OTHER ASSETS</b>				
• Buildings	3 100 000	500 000		8 000 000
• Office Equipment	430 000	540 000		
• Furniture & Fittings	116 450			
• Bins & Containers				
• Emergency Equipment				
• Motor Vehicles	180 000			
• Plant & Equipment	3 320 000	150 000		150 000
<b>HOUSING</b>	20 631 437	11 369 581	15 262 000	279 618 600
<b>TOTAL</b>	<b>40 040 213</b>	<b>29 209 271</b>	<b>15 262 000</b>	<b>429 037 500</b>

The R 29 209 271 is funded as follows:





## 11 2007 / 08 FINANCIAL RESULTS

### 11.1 2007 / 08 Financial Statements

The Annual Financial Statements for the period ended 30 June 2008 was compiled and submitted to the Municipal Manager on 24 August 2007, where after it was reviewed in terms of section 166(2)(b) by the audit committee. On 25 September 2007 the statements was presented to, discussed and approved by the municipal council of Senqu Municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

A copy of these statements is attached hereto as Annexure A.

### 11.2 Operational results

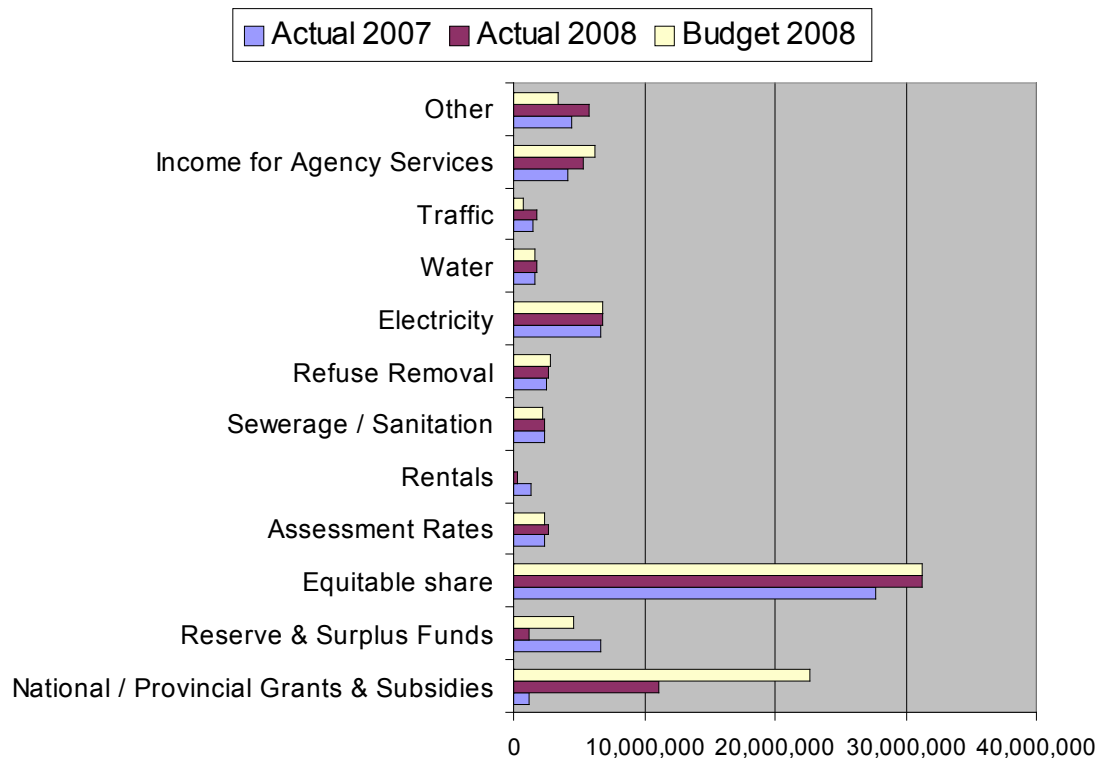
	2008	2007	VARIANCE	2007 BUDGET	VARIANCE ACTUAL / BUDGET
<b>INCOME</b>					
<b>OPENING SURPLUS</b>	35 406 734	33 940 225			
<b>OPERATING INCOME FOR THE YEAR</b>	72 896 170	62 401 593	15.51%	84 550 593	(13.78%)
<b>SUNDRY TRANSFERS</b>	83 056	(5 794 969)			
<b>CLOSING DEFICIT</b>	0	0			
	108 385 960	90 546 849			

	2008	2007	VARIANCE	2007 BUDGET	VARIANCE ACTUAL / BUDGET
<b>INCOME</b>					
<b>OPENING DEFICIT</b>	0	0			
<b>OPERATING EXPENDITURE FOR YEAR</b>	65 265 946	55 140 115	9.29%	84 353 394	(22.63%)
<b>SUNDRY TRANSFERS</b>	0	0			
<b>CLOSING SURPLUS</b>	43 120 014	35 406 734			
	108 385 960	90 546 849			

### 11.2.1 OPERATING INCOME RESULTS

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008			
INCOME	ACTUAL		BUDGET
	2007	2008	2008
	R	R	R
National / Provincial / District Grants & Subsidies	1,130,884	11,056,617	22,592,890
Reserve & Surplus Funds	6,646,096	1,131,151	4,523,827
Equitable share	27,649,635	31,230,447	31,230,447
Assessment Rates	2,374,830	2,653,246	2,379,740
Rentals	1,384,330	273,226	130,000
Sewerage / Sanitation	2,328,759	2,415,462	2,158,180
Refuse Removal	2,544,185	2,647,727	2,780,540
Electricity	6,594,216	6,822,647	6,835,560
Water	1,700,710	1,775,867	1,633,270
Traffic	1,478,181	1,721,230	738,514
Income for Agency Services	4,107,121	5,334,167	6,156,425
Other	4,462,646	5,834,383	3,391,200
<b>TOTAL</b>	<b>62,401,593</b>	<b>72,896,170</b>	<b>84,550,593</b>

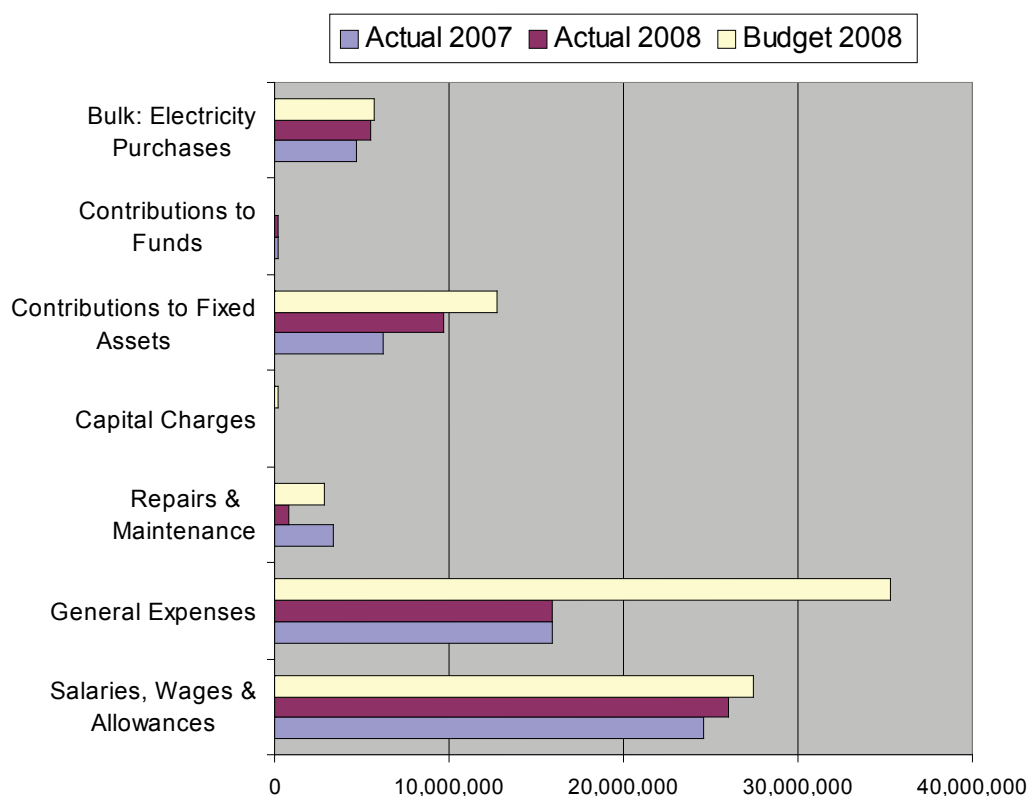
### Operating Income Results



## 11.2.2 OPERATING EXPENDITURE RESULTS

EXPENDITURE	ACTUAL		BUDGET
	2007	2008	2008
	R	R	R
Salaries, Wages & Allowances	24,630,171	26,055,139	27,484,175
General Expenses	15,954,160	15,954,160	35,288,209
Repairs & Maintenance	3,348,098	770,449	2,878,835
Capital Charges	140,617		163,100
Contributions to Fixed Assets	6,185,732	9,732,433	12,731,575
Contributions to Funds	156,735	178,112	90,000
Bulk: Electricity Purchases	4,724,602	5,522,173	5,717,500
Gross Expenditure	55,140,115	65,265,946	84,353,394
Less: Amounts charged out			
<b>NET EXPENDITURE</b>	<b>55,140,115</b>	<b>65,265,946</b>	<b>84,353,394</b>

### Operating Expenditure Results



### 11.3 Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to R 9 732 433; 20.79% less than the previous years expenditure of R12 287 018. The actual expenditure is 42.94% of what was budgeted for (R22 666 050) and consists of the following:

		2007 / 08	2006 / 07	2005 / 06
LAND & BUILDINGS	Land	0	24 334	0
	Buildings	449 747	2 469 254	0
INFRASTRUCTURE ASSETS	Electricity	0	0	484 277
	Roads, Streets and Storm Water	5 088 378	3 812 629	4 922 412
	Sewerage & Solid Waste	145 144	0	1 401 760
	Water	0	0	0
COMMUNITY ASSETS	Buildings	2 234 521	3 583 808	2 898 364
OTHER ASSETS	Buildings	0	0	515 651
	Office Equipment	435 116	261 470	165 136
	Furniture and Fittings	35 478	80 569	84 866
	Bins & Containers	0	0	18 625
	Motor Vehicles	434 232	1 051 525	512 089
	Plant and Equipment	909 817	1 003 429	2 742 593
<b>TOTAL</b>		<b>9 732 433</b>	<b>12 287 018</b>	<b>13 745 773</b>

Resources utilized to finance these fixed assets were as follows:

	2007 / 08	2006 / 07	2005 / 06
Municipal Infrastructure Grant (MIG / CMIP)	6 231 333	6 101 286	7 606 658
Trust and Reserve Funds	0	0	0
Operational Expenditure; Contributions Ex Revenue	3 501 100	6 185 732	6 139 115
<b>TOTAL</b>	<b>9 732 433</b>	<b>12 287 018</b>	<b>13 745 773</b>

R3 010 530 of the budgeted R9 934 475 (30.30%) was spent on three housing projects currently in progress. The Department of Housing, Local Government and Traditional Affairs finance all three housing projects.

### 11.4 Funds and reserves

Full detail of Council's Statutory Funds, Reserves and Trust Funds are reflected as Appendix A on page 19 of the enclosed Annual Financial Statements – see [Annexure A](#).

The following contributions were made towards council's Funds and Reserves:

• STATUTORY FUNDS	Revolving Fund	178 112
• TRUST FUNDS	Peach and Vegetable Processing	155 708
	Heritage Management	229 912
	Co-op's Development	134 186
	Human Resource Development	118 858
	People's Housing (Lady Grey)	3 800
	Municipal Finance Management	250 000
	Spatial Development Framework	674 200
	Valuation Roll	400 000
	Municipal Infrastructure Grant	6 934 416

All Council's Funds and Reserves are cash backed by investments and/or cash in the bank.

#### 11.4.1 Intergovernmental grants (National)

ALLOCATION	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	EXPENDITURE
Equitable Share Received	10 410 149	7 807 612	13 012 686	-	31 230 447
Municipal Finance Management Received		250 000			294 464
Municipal Infrastructure Grant Received	4 100 000	1 547 000	687 415	600 000	6 753 388

#### 11.4.2 Intergovernmental grants (Provincial)

ALLOCATION	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	EXPENDITURE
Human Resource Development Received	118 858				118 858
Valuations Roll Received	400 000				263 840

### 3.5. Assets and liabilities

#### 3.5.1. INVESTMENTS AND CASH

Council's primary bank account is held at Standard Bank, Lady Grey. The existing signatories on all bank and investment accounts are:

- M M Yawa                      Municipal Manager
- C R Venter                    Manager: Financial Services
- C N Sbukwana                Accountant: Expenditure
- A K Fourie                    Budget & Treasury Officer

Required that any two of the above-mentioned signatories authorize any payment or transfer from any of Council's bank or investment accounts.

Only one bank account is maintained: Standard Bank, Lady Grey (Acc No 28 063 130 8)

30 June 2008

R 909 098

R 909 098

30 June 2007

R1 366 699

R1 366 699

Cash advances are restricted to the minimum and is only available to cashiers:

Lady Grey Administrative Unit	R 100.00	R 100.00
Barkly East Administrative Unit	R 100.00	R 100.00
Sterkspruit Administrative Unit	R 200.00	R 200.00
Barkly East Traffic Department	<u>R 500.00</u>	<u>R 500.00</u>
	R 900.00	R 900.00

During this financial year council earned an average interest of 8.24% on its investments which amounted to 62 405 513. This amount is invested over different periods:

Short term / call deposits	R 9 925 243	R 4 787 108
Medium term / 32 days	R 40 195 062	R 36 575 481
Long-term	<u>R 12 285 208</u>	<u>R 11 439 396</u>
	R 62 405 513	R 52 801 986

Investments are held at:  
Standard Bank, Lady Grey; and StanLIB, Queenstown.

### 11.5.2. LONG-TERM DEBTORS

Council has policies in place, which entitle Section 57 employees and full-time councillors (Mayor and Speaker) to apply for housing and motor vehicle loans financed from Council's Revolving fund. These loans are repayable over a period of five years (60 months) at an interest rate of 8.00%. Details are as follows:

DEBTOR	PURPOSE	OUTSTANDING AS AT 30 JUNE 2008	OUTSTANDING AS AT 30 JUNE 2007	OUTSTANDING AS AT 30 JUNE 2006
M M Yawa	Motor Vehicle	0		11 389.24
C R Venter	Motor Vehicle	0		25 424.21
Z A Williams	Motor Vehicle	0		28 380.52
Z I Dumzela	Motor Vehicle	0		15 267.85
J van Rensburg	Housing	59304.49	71720.94	82 960.49
M M Yawa	Housing	0		36 504.69
R N Crozier	Motor Vehicle	0		57 975.87
Z A Williams	Housing	0		50 322.16
Z I Dumzela	Housing	0	0	0
P G du Toit	Motor Vehicle	0	0	107 047.72
<b>TOTAL</b>		<b>59304.49</b>	<b>71720.94</b>	<b>308.225.03</b>

It is anticipated that 13716.00 of this loan would be recovered during the 2008/09 financial year.

### 11.5.3 TRADE DEBTORS

The following trade debtors were due to council as at 30 June 2008:

DEBTOR	PURPOSE	AMOUNT
South African Revenue Services	Value Added Tax	1 192 747
Gariep Municipality	Advance	779 131
Ukhahlamba District Municipality	WSA Services rendered	2 198 132
Other		48 280
<b>TOTAL</b>		<b>4 218 290</b>

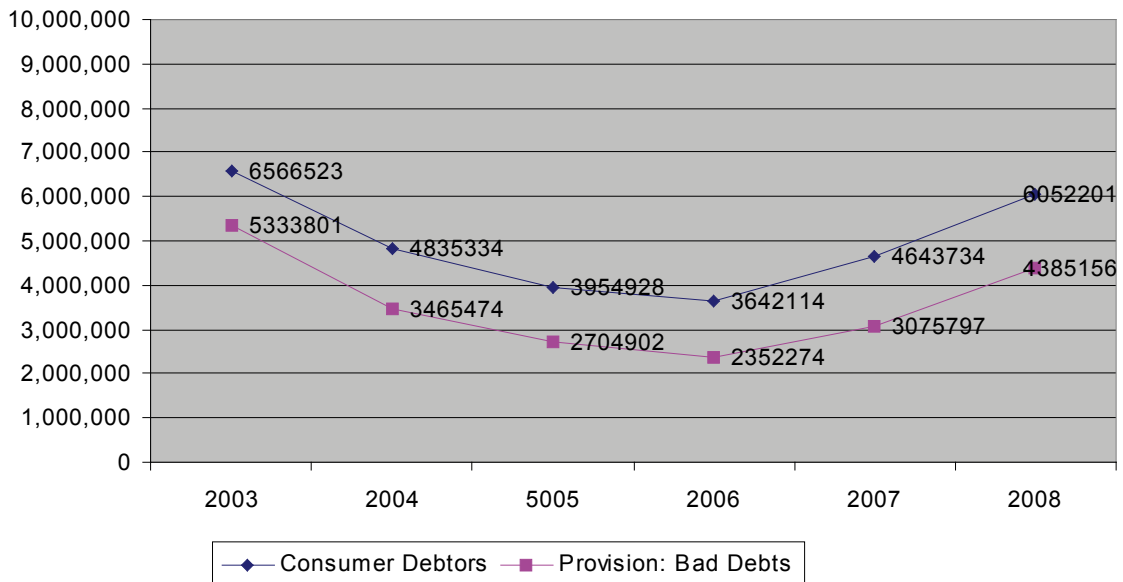
#### 11.5.4. CONSUMER DEBTORS

Council's outstanding consumer debtors have again increased by 27.50% (R 1 001 620,47) from R 3 642 114,50 to R 4 643 734.97 during this financial year and the age-analysis thereof are as follows:

SERVICE	BALANCE AT 30 JUNE 2008	CURRENT	30 DAYS+	60 DAYS +	90 DAYS +	120 DAYS+
Water	842 996.60	91 996.55	35 709.52	28 427.84	32 748.49	654 114.20
Miscellaneous	1 135 729.47	612 414.37	229 317.18	100 301.41	111 764.07	81 932.44
Electricity	12 749.05	848.00	820.00	820.00	820.00	9 441.05
Sewerage	988 902.97	117 686.57	48 356.12	69 953.94	69 953.94	710 647.53
Refuse removal	1 031 997.59	103 248.12	43 998.12	57 419.64	57 419.64	790 937.92
Rates	1 937 432.24	34 307.05	62 346.58	84 085.12	84 085.12	1 701 023.75
Encroachments	(1 225.26)	.20	.20	.20	.20	(1 226.06)
Rentals	102 392.87	11 487.34	9 425.95	11 575.12	11 575.12	68 692.94
Building Clause	(203.30)					(203.30)
	<b>6 050 772.23</b>	<b>971 988.20</b>	<b>429 973.67</b>	<b>368 366.58</b>	<b>368 366.58</b>	<b>4 015 360.47</b>

Provision was also made for bad debt for the all consumer debt exceeding 90 days:

**Consumer Debt/Provision Bad Debts**



A General Valuation throughout all urban areas situated within the Senqu municipal area has been completed. The result:

TOWN	NO OF ERVEN	TOTAL SIZE OF ALL ERVEN	TOTAL VALUATION OF LAND	TOTAL VALUATION OF IMPROVEMENTS	TOTAL
Barkly East / Nkululeko / Fairview	2 097	9 082 091	3 032 350	73 216 050	76 248 400
Herschel	179	184 433	184 300	2 695 900	2 880 200
Lady Grey / Kwezi-Naledi / Transwilger	2 245	25 802 054	3 456 700	43 051 030	46 507 730
Rhodes / Zakhele	313	293 609	12 383 500	13 614 000	25 997 500
Rossouw	265	8 393 989	479 800	925 100	1 404 900
Sterkspruit	274	3 755 876	6 463 000	16 767 500	23 230 500
Agricultural Land	1 400				291 176 650
<b>TOTAL</b>	<b>6 773</b>	<b>47 512 052</b>	<b>25 999 650</b>	<b>150 269 580</b>	<b>467 445 880</b>

#### 11.5.5. PROVISIONS

At year-end the following provisions were made for expenditure that would incur during the 2007/ 08 financial year:

SERVICE PROVIDER	PURPOSE	AMOUNT
AUDITOR-GENERAL	Audit Fees – 2007 / 08	494 225
BAD DEBTS	Consumer Debtors	4 385 156
	Leave	1 028 013
	Performance Bonuses	636 625
<b>TOTAL</b>		<b>6 544 019</b>

#### 11.5.6. TRADE CREDITORS

The following trade creditors were not yet paid at year end:

CREDITOR	AMOUNT
Various creditors – rendering operational goods and services during June 2008	0
Various third party payments – salary deductions for June 2008	47 650
Department of Transport – motor vehicle registration collections for June 2008.	18 187
SARS – VAT on unpaid consumer accounts	491 182
Project Funds	223 680
Insurance Refund	0
<b>Total</b>	<b>780 699</b>

#### 11.5.7. CONSUMER DEPOSITS

An amount of R 369 858 (30 June 2007 – R314 728.18) is held as deposits on water and electricity services rendered to consumers.



## 12. AUDIT REPORTS AND CORRECTIVE ACTIONS

The auditing of the financial statements for the period ended 30 June 2008 has commenced during August 2007 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2008 is attached hereto – see [Annexure B](#).

### 12.1 Corrective Actions

The Report of the Auditor-General is currently being dealt with by the Audit Committee.

## 13. CHALLENGES

The following is seen as the challenges that need to be accomplished during the 2007/08 financial year:

- Compliance and implementation of the Municipal Finance Management Act (MFMA)
- Implementation/conversion to GRAP - Compliance required by 2009 this department would continue with the implementation of GAMAP (Generally Accepted Municipal Accounting Practices), which was started during the 2002/2003 financial year.
- Implementation/conversion to GRAP. Senior financial staff continue to be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department;
- Various new and existing policies will be compiled/reviewed and the all stakeholders will be consulted as required;
- Training of staff within the finance department would continue and is already underway. Capacity building within the finance department is council's and management's first priority;
- Implementation of a comprehensive Information Technology (IT) system has been completed and the training of the employed IT/GIS Operator would proceed as to enable council to be as independent as possible from external service providers;
- Implementation of Geographical Information System (GIS), phase II will proceed;
- During the next financial year all assets would be bar-coded and listed as required for the implementation of GAMAP
- Budget and IDP completed; compliance with Audit query raised in this respect regard
- Finalization of Cash flow statements;
- Finalization of Measurable performance objectives
- SDBIP'S for 2007/2008 completed, monitor, evaluated and report on implementation during 2007/2008;
- Population of Performance Scorecards and Agreements for s57 has been completed in May 2008.
- Population and Finalization of Performance Scorecards and Agreements for 25 middle management posts by June 2008.
- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Budget & Treasury Department.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding

## 14. CONCLUSION

The 2007/2008-year has yet again provided the Budget & Treasury department many challenges.

Challenges are regarded as opportunities for growth and development, without which Senqu Municipality would not be able to meet the communities' needs and be given the opportunity to develop.

- Implementation of the Municipal Finance Management Act and its implementation has placed many requirements on the municipality. This has resulted in management, senior staff and all the Executive Committee members being trained in terms of the requirements of the Act (now implemented).
- The implementation and conversion to GRAP has been our challenge and the department has to ensure training of senior financial staff in terms of implementation and to obtain assistance from external service providers should where deemed necessary.
- Training has been undertaken in respect of the challenges of the MFMA and new Supply Chain Management regulations, Performance Management and, IT.
- The IDP (Integrated Development Plan) has been reviewed and the SDBIP's (Service Delivery Budget and Implementation Plans) have been developed and assessed as required on a quarterly basis, in order to target and manage performance within the organization.
- Infrastructure development has been a constant challenge from a financial and resource point of view but we remain focused, and development has occurred in many areas.
- Our biggest challenge relates to the qualified audit report received. Based on the emphasis of matter (contained within this report), certain concerns and administrative and financial weaknesses were highlighted and are urgently required to be addressed.

In conclusion, I wish to place on record my sincere thanks and appreciation to all the departmental heads and support staff in the Finance Department that have contributed and assisted this department in achieving our goals and objectives during 2007/2008.

I further wish to place on record my sincere thanks and appreciation:

- To the honourable Mayor, Mr Z. I. Dumzela for his ongoing support, and for the guidance from the Executive Committee.
- To the members of the Finance Standing Committee your support, is appreciated.
- To the Municipal Manager and other Heads of Department, your support, encouragement and co-operation contributed to the successful results this department is able to table. It is a privilege to be part of such a supportive management team.
- To the Mayor, Speaker and Councillors, on behalf of the management team and Finance Department of Senqu municipality, herewith the annual report for the period ended 30 June 2008 of the Budget & Treasury Department of Senqu Municipality.

C R Venter  
Chief Financial Officer



**AUDITED FINANCIAL STATEMENTS**  
**attached as Annexure A**

## SENQU MUNICIPALITY

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 28, in terms of Section 126 (1) of the Municipal Finance Management Act, Act No 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



.....  
M M Yawa  
Municipal Manager

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### MEMBERS OF THE COUNCIL

Mr Z I Dumzela	<i>Mayor / Chairperson of Executive Committee</i>
Mr D D Mqungquthu	<i>Speaker</i>
Mr M M Mafilika	<i>Member Executive Committee / Chairperson Housing &amp; Estate Services</i>
Mr V V Mbulawa	<i>Member Executive Committee / Chairperson Corporate &amp; Support Services</i>
Ms N Kuse	<i>Member Executive Committee / Chairperson Budget &amp; Treasury Services</i>
Ms G N Mbonzana	<i>Member Executive Committee / Chairperson Community &amp; Social Services</i>
Ms P August	<i>Member Executive Committee / Chairperson Technical &amp; Engineering Services</i>
Ms M N Ngendane	
Ms G S Mvunyiswa	
Ms A P Kwinana	
Ms M Stanley	
Mr M W Mpelwane	
Mr J Konstable	
Ms B Juju	
Ms I Elia	
Ms N G Beje	
Mr J J Lamane	
Mr S S Ndzongana	
Ms E N Mbobo	
Ms N Nombula	
Mr M P Bingwa	
Ms L M Tokwe	
Ms N A Mkhontwana	
Mr M G Moeletsi	
Mr L Boo	
Ms G N Parkies	
Ms N C Mraji	
Ms N M Kwinana	
Ms A H Sobhuza	
Mr M G Ncise	
Mr X Ganamfana	
Mr A M Mateisi	

### AUDITORS

The Auditor-General

### BANKERS

Standard Bank  
Lady Grey

### REGISTERED OFFICE

19 Murray Street, P O Box 18, LADY GREY, 9755  
Tel No: 051 - 603 0019  
Fax No: 051 - 603 0445

### MUNICIPAL MANAGER

M M Yawa

### CHIEF FINANCIAL OFFICER

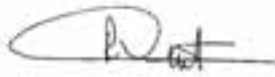
C R Venter

## APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 1 - 24 were approved by the Municipal Manager on the 26 August 2008.



.....  
Municipal Manager  
M M Yawa



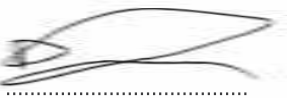
.....  
Chief Financial Officer  
C R Venter

In his State of Nation Address, delivered to the joint sitting of the Houses of Parliament of South Africa, Mr. Thabo Mbeki referred to the speech by the Honourable Nelson Mandela on 24 May 1994 that say "we must, constrained by and yet regardless of the accumulated effect of our historical burdens, seize the time to define for ourselves what we want to make of our shared destiny". Furthermore Mr. Mbeki also said that it is up to all of us, through our National effort, to build a winning nation. A survey was conducted by Government Communication and Information System (GCIS) and the outcomes communicate the unequivocal message that our people expect that government:

- Should move faster to address the challenges of poverty, underdevelopment and marginalization confronting those caught within the second economy, to ensure that the poor in our country share in our growing prosperity;
- Should make necessary interventions with regard to the First Economy to accelerate progress towards the achievement of higher levels of economic growth and development of at least 6% a year;
- Must sustain and improve the effectiveness of our social development programmes targeted at providing a cushion of support to those most exposed to the threat of abject poverty;
- Must ensure that the machinery of government, especially our municipality, discharges its responsibilities effectively and efficiently, honoring the respects of Batho Pele; and
- Must harness the proudly South African spirit that is abroad among the people to build the strongest possible partnership between all sections of our population to accelerate our advance towards the realization of the important goal of a better life for all.
- Directing financial resources to achieve accelerated economic growth in a dynamic and sometimes turbid domestic and regional economic environment requires both resilience and resolve. The resolve is indeed to ensure the use of resources in a manner that promises to improve the lives of all citizens; the resilience, to continuously test the relevance of the strategy at hand.
- The outlook of our municipal policy remains fundamentally unchanged, with the intent to nurture growth to create employment and income in a sustainable manner. In this context, the importance of poverty reduction and eliminating the marginalization of people and communities cannot be emphasized enough.

Since 2001, we have channeled an ever-great share of our resources into capital spending. Our investment in infrastructure has been focused on two major areas: the built environment and economic infrastructure. The built environment refers to a cluster of activities and services related to building viable, secure residential communities – housing, water, electrification, sanitation, roads, sport facilities, and clinics. The municipality remains committed to these programmes, which seek to change both the urban and rural landscapes - to turn barren, dusty land into places that people feel proud to live in.

Through these financial statements we are happy to reflect how healthy our municipal finances are. They are also our litmus test to evaluate the service delivery over the past year and whether the resources of the municipality have been appropriately used.



Z I Dumzela  
Mayor



## 1. Operating Results

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The overall operating results for the period ended 30 June 2008 are as follows:

			VARIANCE	BUDGET	VARIANCE ACT / BUDG
<b>INCOME</b>					
Opening Surplus	35,406,734	33,940,225			
Operating Income for the Year	72,896,170	62,401,593	16.82%	84,550,593	( 13.78%)
Sundry Transfers	83,056	-5,794,969			
Closing Deficit	-	-			
	108,385,960	90,546,849			
<b>EXPENDITURE</b>					
Opening Deficit	-	-			
Operating Expenditure for the Year	65,265,946	55,140,115	15.51%	84,353,394	( 22.63%)
Sundry Transfers	-	-			
Closing Surplus	43,120,014	35,406,734			
	<b>108,385,960</b>	<b>90,546,849</b>			

### 1.1 Rates and General Services

Income	53,316,755	47,052,592	13.31%	58,148,125	(8.31%)
Expenditure	46,027,300	41,177,168	10.32%	57,310,926	(20.74%)
Surplus / (Deficit)	7,289,455	5,875,424		837,199	
Surplus / (Deficit) as % of Total Income	14.80%	12.49%			

### 1.2 Housing Services

Income	3,520,411	411,645	755.25%	10,432,075	(66.25%)
Expenditure	3,355,745	224,969	1391.65%	10,412,075	(67.77%)
Surplus / (Deficit)	164,666	186,676		20,000	
Surplus / (Deficit) as % of Total Income	4.68%	45.35%			

Funds received and appropriated for housing projects are for the first time disclosed as operational expenditure. In the past housing funds received and appropriated were only disclosed on Appendix A under Trust Funds. This resulted in the material and significant variance. Underspending resulted in the huge variance between the actual and budgeted amounts.

### 1.3 Trading Services

Income	16,059,004	14,937,356	7.51%	15,970,393	0.55%
Expenditure	15,882,901	13,737,978	15.61%	16,630,393	(4.49%)
Surplus / (Deficit)	176,103	1,199,378		(660,000)	
Surplus / (Deficit) as % of Total Income	1.10%	8.03%			

## 2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on assets incurred during the year amounted to R 9 036 668; 26.45% less than the previous year's expenditure of R 12 287 018. The actual expenditure is 39.87% of that was budgeted for (R 22 666 050) and consists of the following:

<b>LAND &amp; BUILDINGS</b>	Land	0
	Buildings	449,747
<b>INFRASTRUCTURE</b>	Electricity	0
	Roads	5,088,378
	Sewerage / Waster	145,144
<b>COMMUNITY</b>	Buildings	2,234,521
	Recreational Facilities	0
	Security Measures	0
<b>OTHER ASSETS</b>	Buildings	0
	Office Equipment	435,116
	Furniture & Fittings	35,478
	Bins & Containers	0
	Motor Vehicles	434,232
	Plant & Equipment	909,817
<b>TOTAL</b>		<b>9,732,433</b>

Detail of these assets are reflected in council's assets register. A complete analysis of capital expenditure (actual) per department, classification or service is included in appendix C. Resources used to finance the fixed assets were as follows:

<b>CONTRIBUTION EX REVENUE</b>	3,501,100
<b>GRANTS &amp; SUBSIDIES</b>	6,231,333
	<b>9,732,433</b>

More details regarding external loans and internal advances used to inance fixed assets are shown in appendix B. R 3 010 530 of the budgeted R 9 934 475 (30.30%) was spent on housing projects.

## 3. EXTERNAL LOANS, INVESTMENTS AND CASH

Investments and cash on 30 June 2007 amounts to R 63 313 170 (R 54 169 586 in 2007). More information regarding loans and investments is disclosed in notes (4 and 7) and appendix B to the financial statements.

## 4. FUNDS AND RESERVES

The movement regarding statutory funds, reserves and trust funds is given in Appendix A

<b>THE FOLLOWING CONTRIBUTIONS WERE MADE:</b>		
<b>STATUTORY FUNDS</b>	<b>Revolving Fund</b>	178,112
<b>THE FOLLOWING TRUST FUNDS WERE RECEIVED:</b>		
	<b>Peach &amp; Vegetable Processing</b>	155,708
	<b>Heritage Management</b>	229,912
	<b>Co-op's Development</b>	134,186
	<b>Human Resource Development</b>	118,858
	<b>People's Housing (Lady Grey)</b>	3,800
	<b>Municipal Finance Management</b>	250,000
	<b>Spatial Development Framework</b>	674,200
	<b>Valuation Roll</b>	400,000
	<b>Municipal Infrastructure Grant</b>	6,934,416

## 5. APPRECIATION

I would like to thank the Mayor, Speaker, the Chairperson of the Finance Standing Committee, the members of the Executive Committee, other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of thanks to the personnel of the Budget and Treasury Department for their loyalty and commitment in preparing the financial accounts of our municipality.

C R Venter  
Chief Financial Officer  
26 August 2008

## 6. ACCOUNTING POLICIES

### 1. BASIS OF PRESENTATION

- 1.1. These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).
- 1.2. The financial statements are prepared on historical cost basis, adjusted for Fixed Assets as more fully detailed in Accounting Policy - Note 3. The accounting policies are consistent with those applied in the previous year; except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis as stated:
  - Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
  - Expenditure is accrued in the year it is incurred.

### 2. CONSOLIDATION

The financial statements includes the Rates and General Services, Housing Services, Trading Services and different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

### 3. FIXED ASSETS

#### 3.1. Fixed assets are stated:

- at historical cost, or
- at valuation, where assets have been acquired by grant or donation.

while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

#### 3.2. Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the financial statements is the amount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

#### 3.3. All net proceeds from the sale of fixed property are credited to the Revolving Fund.

3.4. Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

No stock is kept, but purchases are debited directly to the applicable expense account.

**5. FUNDS AND RESERVES****5.1. Statutory Funds**

- 7.5% as prescribed in terms of sect 75(1)(a) of Ordinance 20 of 1974 was contributed to the Revolving Fund.

**5.2. Trust Funds**

- All Trust Funds were received from either the National, Provincial Government and District Municipality and will only be utilized for the purpose it was received for.

**5.3. Reserves**

- A Working Capital Reserve equal to at least the salary expenditure for one month would be maintained.

**6. PROVISIONS**

Provisions are created for liabilities or contingencies which are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

**7. SURPLUSES AND DEFICITS**

Any surpluses or deficits arising from the operation of Trading Services - Water and Electricity - are transferred to Rates and General Services to alleviate the tax burden of rate payers.

**8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1997).

**9. LEASED ASSETS**

Fixed assets held under finance leases are capitalized. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

**10. INVESTMENTS**

Investments are shown at the lower cost or market value if a permanent decline in the value occurred.

**11. DEFERRED CHARGES REPRESENTS**

11.1. The balance outstanding on the costs incurred in raising loans on the capital market which is recovered from operating income over periods of the various loans involved.

11.2. Assets written off before the loans financing them are fully repaid.

**12. INCOME RECOGNITION****12.1. Electricity and Water Billings.**

Meters are read and billed monthly. In accordance with the meter reading cycle, debtors are billed in the following month for their con-

sumption and revenue is recorded accordingly.

## 11.2. ASSESSMENT RATES

Senqu Municipality applies a differential site rating system. In terms of this system the assessment rates are levied on the land value of property, and rebates are granted according to use which a particular property is put.

## 7. BALANCE SHEET AT 30 JUNE 2008

	NOTE	2008	2007
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		8,669,053	7,850,116
Statutory Funds	1	7,178,973	6,473,471
Reserves	2	1,490,080	1,376,645
RETAINED SURPLUS / (ACCUMULATED DEFICIT)	23	43,120,014	35,406,734
		51,789,067	43,256,850
TRUST FUNDS	3	13,557,893	15,401,683
LONG-TERM LIABILITIES	4	0	0
CONSUMER DEPOSITS	5	369,858	314,728
		<b>65,716,818</b>	<b>58,973,261</b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	-0	0
LONG-TERM INVESTMENTS	7	12,285,208	11,439,397
LONG-TERM DEBTORS	8	45,588	59,304
DEFERRED CHARGES	11	0	-
		<b>53,386,022</b>	<b>47,474,560</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			
CURRENT ASSETS		56,927,014	51,248,266
Accounts Receivable / Debtors	10	5,885,336	8,487,634
Cash and Bank	14	907,657	1,367,600
Short-term Investments	7	50,120,305	41,362,589
Short-term Portion of Long-term Debtors	8	13,716	30,443
CURRENT LIABILITIES		3,540,992	3,773,706
Provisions	12	2,158,864	2,018,001
Accounts Payable / Creditors	13	1,382,128	1,755,705
Loans: Short-term Portion	4	0	0
Bank Overdraft	14	-	-
		<b>65,716,818</b>	<b>58,973,261</b>

## 8. INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

30/06/2007 ACTUAL INCOME	30/06/2007 ACTUAL EXPEN- DITURE	30/06/2007 SURPLUS / (DEFICIT)		30/06/2008 ACTUAL INCOME	30/06/2008 ACTUAL EXPEN- DITURE	30/06/2008 SURPLUS / (DEFICIT)	30/06/2008 BUDGETED SURPLUS/ (DEFICIT)
R	R	R		R	R	R	R
47,052,592	41,177,168	5,875,424	<b>RATE AND GENERAL SERVICES</b>	53,316,755	46,027,300	7,289,455	837,199
37,185,979	31,209,721	5,976,258	Community Services	42,030,357	35,233,126	6,797,231	937,199
297,578	420,501	(122,923)	Subsidized Services	575,468	436,850	138,618	0
9,569,035	9,546,946	22,089	Economic Services	10,710,930	10,357,324	353,606	(100,000)
411,645	224,969	186,676	<b>HOUSING SERVICES</b>	3,520,411	3,355,745	164,666	20,000
14,937,356	13,737,978	1,199,378	<b>TRADING SERVICES</b>	16,059,004	15,882,901	176,103	(660,000)
<b>62,401,593</b>	<b>55,140,115</b>	<b>7,261,478</b>	<b>TOTAL</b>	<b>72,896,170</b>	<b>65,265,946</b>	<b>7,630,224</b>	<b>197,199</b>
		(5,794,969)	Appropriations for this year - refer to Note 23			83,056	
		1,466,509	Net Surplus / (Deficit) for the year.			7,713,280	
		33,940,225	Accumulated Surplus / (Deficit) at beginning of the year.			35,406,734	
		<b>35,406,734</b>	<b>ACCUMULATED SURPLUS / (DEFICIT) AT END OF THE YEAR</b>			<b>43,120,014</b>	

## 9. CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007

Page 11

	NOTE	2008	2007
		R	R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>		18,876,017	11,595,810
Cash Generated by Operations	24	2,094,449	(6,079,044)
Investment Income		5,566,194	4,172,036
(Increase) / Decrease in Working Capital	25	2,314,294	(3,844,627)
		9,974,937	(5,751,635)
Less: External interest paid		-	(65,938)
		9,974,937	(5,817,573)
Cash Contributions from the Public and State		8,901,080	17,413,383
Net Proceeds on Disposal of Fixed Assets		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in Fixed Assets		(9,732,433)	(12,287,018)
<b>NET CASH FLOW</b>		9,143,584	(691,208)
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
Increase / (Decrease) in Long-term Loans	26	-	(465,156)
Increase / (Decrease) in Short-term Loans	27	-	-
(Increase) / Decrease in Cash Investments	28	(9,603,527)	(939,049)
(Increase) / Decrease in Cash	29	459,943	2,095,413
<b>Net cash (generated) / utilized</b>		(9,143,584)	691,208



## 1. STATUTORY FUNDS

Revolving Fund  
Total Statutory Funds

	2008	2007
Revolving Fund	7,178,973	6,473,471
<b>Total Statutory Funds</b>	<b>7,178,973</b>	<b>6,473,471</b>

(Refer to Appendix A for more detail)

## 2. RESERVES

Working Capital Reserve  
Disaster  
Total Reserves

Working Capital Reserve	1,333,667	1,232,139
Disaster	156,413	144,506
<b>Total Reserves</b>	<b>1,490,080</b>	<b>1,376,645</b>

(Refer to Appendix A for more detail)

## 3. TRUST FUNDS

Performance Agreements  
Peach & Vegetable Processing  
Holo Hlahatsi Agricultural Project  
Commonage Management Plan  
Libraries  
Surveying / Land Audit  
Heritage Management  
DEAT Brickmaking  
Co-op's Development  
LED (Lady Grey)  
Human Resource Development  
People's Housing (Lady Grey)  
Municipal Finance Management  
Municipal Support Programme  
Spatial Development Framework  
Disabled Project BE  
Hillside Housing  
Drought Relief Water  
Valuation Roll  
Municipal Infrastructure Grant  
Implementation Ownership  
Traffic Test Station (Sterkspruit)  
Rossouw Agricultural Project  
Municipal Systems Improvement  
Herschel People's Housing  
Internet/Communication Systems

Performance Agreements	100,480	92,831
Peach & Vegetable Processing	155,708	0
Holo Hlahatsi Agricultural Project	401,284	400,000
Commonage Management Plan	66,888	99,457
Libraries	0	52,751
Surveying / Land Audit	558,543	516,022
Heritage Management	229,912	0
DEAT Brickmaking	100,983	323,850
Co-op's Development	134,186	0
LED (Lady Grey)	210,274	264,206
Human Resource Development	0	0
People's Housing (Lady Grey)	666,449	1,509,238
Municipal Finance Management	568,826	569,987
Municipal Support Programme	348,245	321,734
Spatial Development Framework	674,200	0
Disabled Project BE	142,416	131,574
Hillside Housing	140,372	2,237,602
Drought Relief Water	889,612	821,888
Valuation Roll	147,378	0
Municipal Infrastructure Grant	500,909	319,882
Implementation Ownership	498,293	470,935
Traffic Test Station (Sterkspruit)	139,627	128,998
Rossouw Agricultural Project	381,853	442,571
Municipal Systems Improvement	0	155,218
Herschel People's Housing	6,343,952	5,986,491
Internet/Communication Systems	157,503	556,448
<b>Total Trust Funds</b>	<b>13,557,893</b>	<b>15,401,683</b>

**Total Trust Funds**

(Refer to Appendix A for more detail)

4. LONG TERM LIABILITIES	2008	2007
Development Bank of South Africa	0	-
<b>Sub-total</b>	<b>0</b>	<b>0</b>
<b>Less: Current portion transferred to current liabilities</b>	<b>0</b>	<b>0</b>
Development Bank of South Africa	-	-
<b>Total External Loans</b>	<b>0</b>	<b>0</b>
<i>(Refer to Appendix B for more detail on long-term liabilities)</i>		
<b>5. CONSUMER DEPOSITS - SERVICES</b>		
Electricity and Water	369,858	314,728
Interest paid	-	-
<b>Total Consumer Deposits</b>	<b>369,858</b>	<b>314,728</b>
<i>No interest on Consumer Deposits is paid on refund.</i>		
<i>Guarantees held in lieu of Electricity and Water Deposits</i>		
	-	-
<b>6. FIXED ASSETS</b>		
Fixed assets at the beginning of the year.	95,292,349	108,853,632
Capital expenditure during the year.	9,732,433	12,287,018
Less: Assets written off, transferred or disposed of during the year.	437,869	25,848,301
<b>Total fixed assets</b>	<b>104,586,913</b>	<b>95,292,349</b>
Less: Loans redeemed and other capital receipts	104,586,913	95,292,349
<b>Net fixed assets</b>	<b>(0)</b>	<b>0</b>
<i>(Refer to Appendix C and section 2 of the Treasurer's Report for more details on fixed assets)</i>		
<b>7. INVESTMENTS</b>		
<b>Listed</b>	<b>0</b>	<b>0</b>
Stock	-	-
<b>Unlisted</b>	<b>62,405,513</b>	<b>52,801,986</b>
Call deposits	9,925,243	4,787,108
Short-term deposits	40,195,062	36,575,481
Long-term deposits	12,285,208	11,439,397
<b>Total Investments</b>	<b>62,405,513</b>	<b>52,801,986</b>
Market value of listed investments and managements valuation of unlisted investments.		
Listed investments	-	-
Unlisted investments	62,405,513	52,801,986
Profit / (Loss) on investment transactions.	-	-
Average rate of return on investments (Net)	8.24%	7.95%

# NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2008

No investments have been pledged as security for any funding facilities of the council.

## 8. LONG-TERM DEBTORS

Motor Vehicle and Housing loans	59,304	89,747
Less: Short-term portion of long-term debtors transferred to current assets.	13,716	30,443
<b>Total Long-term Debtors</b>	<b>45,588</b>	<b>59,304</b>

## 9. INVENTORY

Inventory represents consumable store, raw materials, work in progress and finished goods.

<b>Total Inventory</b>	<b>0</b>	<b>0</b>
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## 10. DEBTORS

Consumer debtors	6,052,201	4,643,735
Payments made in advance	-	-
Short Term Loan: Gariep Municipality	779,131	
Current debtors (other)	3,439,160	6,919,696
	<b>10,270,492</b>	<b>11,563,431</b>
Less: Provision for bad debts	4,385,156	3,075,797
<b>Total Debtors</b>	<b>5,885,336</b>	<b>8,487,634</b>

### Consumer Debtors

#### As at 30 June 2008

	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
Service debtors	5,937,060	4,294,627	1,642,433
Rates	1,937,433	1,785,109	152,324
Electricity	1,135,729	193,696	942,033
Water	842,997	686,863	156,134
Sewerage / Sanitation	988,903	780,601	208,302
Refuse removal	1,031,998	848,358	183,640
Other	115,141	90,529	24,612
<b>Total</b>	<b>6,052,201</b>	<b>4,385,156</b>	<b>1,667,045</b>

#### As at 30 June 2007

Service debtors	4,516,602.00	2,986,859	1,529,743
Rates	1,207,099	1,087,983	119,116
Electricity	943,860	80,249	863,611
Water	735,714	578,264	157,450
Sewerage / Sanitation	776,188	575,386	200,802
Refuse removal	853,741	664,977	188,764
Other	127,133	88,938	38,195
<b>Total</b>	<b>4,643,735</b>	<b>3,075,797</b>	<b>1,567,938</b>

	2008	2007
<b>Rates: Ageing</b>		
Current (0 - 30 days)	34,307	27,941
31 - 60 days	62,347	47,166
61 - 90 days	55,670	44,009
91 - 120 days	84,085	84,191
120 + days	1,701,024	1,003,792
	<b>1,937,433</b>	<b>1,207,099</b>
<b>Electricity: Ageing</b>		
Current (0 - 30 days)	612,414	670,348
31 - 60 days	229,317	169,838
61 - 90 days	100,301	23,425
91 - 120 days	111,764	15,757
120 + days	81,933	64,492
	<b>1,135,729</b>	<b>943,860</b>
<b>Water: Ageing</b>		
Current (0 - 30 days)	91,997	90,386
31 - 60 days	35,710	43,801
61 - 90 days	28,428	23,262
91 - 120 days	32,748	48,945
120 + days	654,114	529,320
	<b>842,997</b>	<b>735,714</b>
<b>Sewerage / Sanitation: Ageing</b>		
Current (0 - 30 days)	117,687	117,051
31 - 60 days	48,356	55,460
61 - 90 days	42,259	28,291
91 - 120 days	69,954	44,305
120 + days	710,647	531,081
	<b>988,903</b>	<b>776,188</b>
<b>Refuse removal: Ageing</b>		
Current (0 - 30 days)	103,248	105,636
31 - 60 days	43,998	53,341
61 - 90 days	36,394	29,788
91 - 120 days	57,420	52,244
120 + days	790,938	612,732
	<b>1,031,998</b>	<b>853,741</b>
<b>Other: Ageing</b>		
Current (0 - 30 days)	12,335	13,162
31 - 60 days	10,246	13,773
61 - 90 days	2,032	11,260
91 - 120 days	12,395	14,746
120 + days	78,133	74,192
	<b>115,141</b>	<b>127,133</b>
<b>11. DEFERRED CHARGES</b>		
Preliminary Expenses	-	-
	<b>0</b>	<b>0</b>

## 12. PROVISIONS

	2008	2007
Audit Fees	494,225	482,690
Leave Pay	1,028,014	1,039,566
Performance Bonus	636,625	495,745
<b>Total Provisions</b>	<b>2,158,864</b>	<b>2,018,001</b>

## 13. CREDITORS

Trade creditors	-	990,737
Creditors (consumers)	1,429	-
Staff Leave	-	-
Severance Payment (Corporate Services Manager)	600,000	-
Other creditors	780,699	764,968
<b>Total Creditors</b>	<b>1,382,128</b>	<b>1,755,705</b>

## 14. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

### Current Account (Primary Bank Account)

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Cash book balance at beginning of year -	1,366,700	3,411,566
Cash book balance at end of year -	<b>906,757</b>	<b>1,366,700</b>
Bank Statement balance at beginning of year -	1,302,209	3,355,451
Bank Statement balance at end of year -	<b>909,098</b>	<b>1,302,209</b>

### Current Account

Standard Bank - Lady Grey Branch - Account Number 28 063 500 1

Cash book balance at beginning of year -	0	50,247
Cash book balance at end of year -	-	-
Bank Statement balance at beginning of year -	0	364,958
Bank Statement balance at end of year -	-	-

### Cashier's Float

Balance at beginning of year -	900	1,200
Balance at end of year -	<b>900</b>	<b>900</b>

## TOTAL BANK AND CASH

	907,657	1,367,600
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15. PROPERTY RATES	VALUATION	2008	2007
		ACTUAL	
Residential Property	86,536,060	974,725	1,246,641
Commercial Property	21,637,500	365,674	344,036
Industrial Property	-	-	-
Public Benefits Organisations	5,494,000	-	-
Agricultural Purposes	291,176,650	615,111	289,357
State - National / Provincial Services	29,424,500	397,819	374,280
Municipal Property	25,597,520	43,725	-
Vacant Property	7,579,650	256,192	120,516
	<b>467,445,880</b>	<b>2,653,246</b>	<b>2,374,830</b>

Valuations on land and improvements are performed every four years. The last General Valuation was performed during 2004, approved on 27 January 2005 and implemented on 1 July 2005. The current assessment rate tariff is R 0.0169 or 1.69%. The tariff on Vacant Property is R 0.0338 or 3.38%.

A substantial number of RDP houses are still registered in the name of the municipality that should be transferred to the legal occupants. Rates could only be billed on these houses once the transfer of ownership has been concluded.

**16. SERVICE CHARGES**

Sale of electricity	6,822,647	6,594,216
Sale of water	1,775,867	1,700,710
Refuse removal	2,647,727	2,544,185
Sewerage and sanitation charges	2,415,462	2,328,759
<b>Total Service Charges</b>	<b>13,661,703</b>	<b>13,167,870</b>

**17. GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	31,230,447	27,649,635
Provincial Local Economic Development projects	-	-
National Local Economic Development projects	-	-
Municipal Infrastructure Grant	6,934,416	8,084,739
<b>Total Government Grants and Subsidies</b>	<b>38,164,863</b>	<b>35,734,374</b>

**17.1. Equitable Share.**

In terms of the Constitution this grant is mainly used to subsidise the provision of basis services to indigent community members.

**17.2. Provincial Local Economic Development projects.**

Balance unspent at beginning of year	897,994	896,945
Current year receipts	78,148	66,132
Conditions met - transferred to revenue	(349,607)	(65,083)
<b>Conditions still to be met</b>	<b>626,535</b>	<b>897,994</b>

**17.3. National Local Economic Development projects.**

Balance unspent at beginning of year  
 Current year receipts  
 Conditions met - transferred to revenue  
 Conditions still to be met

	2008	2007
	264,206	443,058
	16,008	19,457
	(69,940)	(198,309)
	<u>210,274</u>	<u>264,206</u>

**17.4. Municipal Infrastructure Grant.**

Balance unspent at beginning of year  
 Current year receipts -  
 Conditions met - transferred to revenue  
 Conditions still to be met

	319,882	(443,057)
	6,934,416	8,084,739
	(6,753,389)	(7,321,800)
	<u>500,909</u>	<u>319,882</u>

**18. OTHER INCOME**

Rentals  
 Traffic  
 Other

**Total Other Income**

	273,226	1,384,330
	1,721,230	1,478,181
	5,834,383	4,462,646
	<u>7,828,839</u>	<u>7,325,157</u>

**19. EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages  
 Employee related costs - Contributions for UIF, pensions and medical aids  
 Travel, motor car, accomodation, subsistence and other allowances  
 Housing benefits and allowances  
 Overtime and Standby payments  
 Performance bonus  
 Annual bonus

**Total Employee Related Costs**

	14,827,208	13,045,692
	2,920,258	3,428,304
	297,095	-
	22,242	20,342
	374,022	268,934
	480,163	480,662
	1,247,765	764,375
	<u>20,168,753</u>	<u>18,008,309</u>

*There were no advances to employees. Loans to employees are set out in note 8.*

**Remuneration of the Municipal Manager**

Annual Remuneration  
 Performance Bonuses  
 Travelling Allowance  
 Contributions to UIF, Medical and Pension Funds

**Total**

	793,923	454,674
	165,255	117,812
	82,800	92,248
	1,456	172,982
	<u>1,043,434</u>	<u>837,716</u>

**Remuneration of the Chief Finance Officer**

Annual Remuneration  
 Performance Bonuses  
 Travelling Allowance  
 Contributions to UIF, Medical and Pension Funds

**Total**

	687,209	431,927
	140,466	94,212
	-	92,207
	1,456	5,036
	<u>829,131</u>	<u>623,382</u>

	2008	2007
TECHNICAL SERVICES	CORPORATE & SUPPORT SERVICES	COMMUNITY & SOCIAL SERVICES
<b>Remuneration of other Individual Managers</b>		
<b>30 June 2008</b>		
Annual Remuneration	509,688	428,909
Performance Bonuses	130,182	14,943
Travelling Allowance	94,295	72,000
Contributions to UIF, Medical and Pension Funds	1,456	1,456
<b>Total</b>	<b>735,621</b>	<b>531,682</b>
<b>30 June 2007</b>		
Annual Remuneration	374,818	294,129
Performance Bonuses	87,213	94,212
Travelling Allowance	93,705	98,414
Contributions to UIF, Medical and Pension Funds	36	3,030
<b>Total</b>	<b>555,772</b>	<b>482,660</b>
<b>20. REMUNERATION OF COUNCILLORS</b>		
Mayor	508,556	430,070
Speaker	394,328	333,274
Executive Committee Members	994,471	932,748
Councillors	3,710,990	3,787,836
Councillors' pension and medical aid contributions	278,041	642,188
<b>Total Councillors' Remuneration</b>	<b>5,886,386</b>	<b>6,126,116</b>
<b>In-kind Benefits</b>		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor's private residence is rented by the Council to serve as a Mayoral Residence. The Mayor has use of a Council owned vehicle for official duties.		
<b>21. AUDIT FEES</b>		
Opening balance	482,690	477,625
Current year audit fee	494,225	482,690
Amount paid in respect of current year	-	-
Amount paid in respect of previous years	(485,546)	(381,313)
Provision provided not utilized	2,856	(96,312)
<b>Balance unpaid (included in provisions)</b>	<b>494,225</b>	<b>482,690</b>
<b>22. FINANCE TRANSACTIONS</b>		
<b>Total external interest earned or paid:</b>		
Interest earned	6,498,147	4,172,036
Interest paid	-	(65,938)
	<b>6,498,147</b>	<b>4,106,098</b>



**Capital charges debited to operating:**

**Interest:** Internal  
External  
**Redemption:** Internal  
External

	2008	2007
	-	-
	-	65,938
	-	-
	0	465,156
	0	531,094

**23. APPROPRIATIONS**

**Appropriation Account**

Accumulated Surplus / (Deficit) at beginning of the year  
Operating Surplus / (Deficit) for the year  
Appropriations for the year  
Extraordinary Items  
Abnormal Items  
Prior Year Adjustment

	35,406,734	33,940,225
	7,630,224	7,261,478
	83,056	(5,794,969)
	83,056	-
	-	(5,794,969)
	-	-

**Accumulated Surplus / (Deficit) at the end of the year**

	<b>43,120,014</b>	<b>35,406,734</b>
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**Operating Account**

Capital Expenditure  
Contributions to:  
Provisions & Reserves  
Revolving Fund

	9,732,433	6,185,732
	2,336,976	2,708,044
	2,158,864	2,551,309
	178,112	156,735

	<b>12,069,409</b>	<b>8,893,776</b>
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**Extraordinary Items**

An Insurance payout received during 2005/06 amounting to R 62 165 was not utilized, whilst provisions for creditors and leave to the amount of R 20 891 was transferred to the appropriation account.

**24. CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the year  
Adjustment in respect of Previous year's Operating Transactions  
Appropriations charged against income

	7,630,224	7,261,478
	83,056	(5,794,969)
	12,069,409	8,893,776

Fixed Assets  
Provisions & Reserves  
Revolving Fund

	9,732,433	6,185,732
	2,158,864	2,551,309
	178,112	156,735

**Capital charges**

	0	531,094
--	---	---------

Interest: External  
Internal  
Redemption: External  
Internal

	0	65,938
	0	0
	0	465,156
	0	0

**Deferred charges written off**

	-	-
--	---	---

**Investment income (Operating Account)**

	(6,498,147)	(4,172,036)
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**Non-operating income:**

	1,131,151	6,646,096
--	-----------	-----------

**From Reserve and Trust Funds**

	1,131,151	6,646,096
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**Non-operating expenditure:**

	(12,321,244)	(19,444,483)
--	--------------	--------------

**Expenditure charged against Reserves**

	(12,321,244)	(19,444,483)
--	--------------	--------------

	<b>2,094,449</b>	<b>(6,079,044)</b>
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**25. (INCREASE) / DECREASE IN WORKING CAPITAL**

(Increase) / Decrease in Stock  
 (Increase) / Decrease in Debtors and Long-term Debtors  
 Increase / (Decrease) in Creditors and Consumer Deposits

	2008	2007
	-	-
	2,632,741	(3,194,043)
	(318,447)	(650,584)
	<b>2,314,294</b>	<b>(3,844,627)</b>

**26. INCREASE / (DECREASE) IN LONG-TERM EXTERNAL LOANS**

Loans raised  
 Loans repaid

	-	-
	0	465,156
	0	(465,156)

**27. INCREASE / (DECREASE) IN SHORT-TERM EXTERNAL LOANS**

Loans raised  
 Loans repaid

	-	-
	-	-
	0	0

**28. (INCREASE) / DECREASE IN INVESTMENTS**

Balance at the beginning of the year  
 Less: Balance at the end of the year

	52,801,986	51,862,937
	62,405,513	52,801,986
	(9,603,527)	(939,049)

**29 (INCREASE) / DECREASE IN CASH**

Balance at the beginning of the year  
 Less: Balance at the end of the year

	1,367,600	3,463,013
	907,657	1,367,600
	<b>459,943</b>	<b>2,095,413</b>

### 30. CONTINGENT LIABILITIES

An final agreement has not yet been reached with the Water Services Authority - Ukhahlamba District Municipality, which might have severe financial implications in relation to staff and operational cost.

There is currently three litigation and claims pending, namely:

- Illegal occupation in Sterkspruit - R 250 000
- Municipality erecting houses in Herschel, resulting into disputes with the Headman - R 250 000
- House ownership despite - Senqu Municipality vs Donald Tsembeyi - R 75 000

### 31. CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure

	2008	2007
Approved and contracted for	1,064,417	5,550,708
Approved but not yet contracted for	-	-
<b>This expenditure will be financed from</b>		
Internal Sources	1,064,417	498,366
External Sources	-	5,052,342
	<b>1,064,417</b>	<b>5,550,708</b>

**ACCUMULATED STATUTORY FUNDS, RESERVES AND TRUST FUNDS FOR THE YEAR ENDED 30 JUNE 2008**

	<b>BALANCE AS AT 30/06/2007</b>	<b>CONTRIBUTIONS DURING THE YEAR</b>	<b>INTEREST ON INVESTMENT</b>	<b>OTHER INCOME</b>	<b>OPERATING EXPENDITURE DURING YEAR</b>	<b>CAPITAL EXPENDITURE DURING YEAR</b>	<b>BALANCE AS AT 30/06/2008</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>STATUTORY FUNDS</b>							
Revolving	6,473,471	178,112	527,390	-	-	-	7,178,973
	<b>6,473,471</b>	<b>178,112</b>	<b>527,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,178,973</b>
<b>RESERVES</b>							
Working Capital Reserve	1,232,139	-	101,528	-	-	-	1,333,667
Disaster	144,506	-	11,907	-	-	-	156,413
	<b>1,376,645</b>	<b>0</b>	<b>113,435</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,490,080</b>
<b>TRUST FUNDS</b>							
Performance Agreements	92,831	-	7,649	-	-	-	100,480
Peach & Vegetable Processing	-	-	-	155,708	-	-	155,708
Holo Hlahatsi Agricultural Project	400,000	-	30,549	-	29,265	-	401,284
Commonage Management Plan	99,457	-	5,092	-	37,661	-	66,888
Libraries	52,751	-	-	-	22,075	30,676	0
Surveying / Land Audit	516,022	-	42,521	-	-	-	558,543
Heritage Management	-	-	-	229,912	-	-	229,912
DEAT Brickmaking	323,850	-	7,688	-	228,805	1,750	100,983
Co-op's Development	-	-	-	134,186	-	-	134,186
LED (Lady Grey)	264,206	-	16,008	-	69,940	-	210,274
Human Resource Development	-	-	-	118,858	118,858	-	0
People's Housing (Lady Grey)	1,509,238	-	-	3,800	846,589	-	666,449
Municipal Finance Management	569,987	-	43,303	250,000	294,464	-	568,826
Municipal Support Programme	321,734	-	26,511	-	-	-	348,245
Spatial Development Framework	-	-	-	674,200	-	-	674,200
Disabled Project BE	131,574	-	10,842	-	-	-	142,416
Hillside Housing	2,237,602	-	66,711	-	2,163,941	-	140,372
Drought Relief Water	821,888	-	67,724	-	-	-	889,612
Valuation Roll	-	-	11,219	400,000	263,841	-	147,378
Municipal Infrastructure Grant	319,882	-	-	6,934,416	411,722	6,341,667	500,909
Implementation Ownership	470,935	-	37,933	-	10,575	-	498,293
Traffic Test Station (Sterkspruit)	128,998	-	10,629	-	-	-	139,627
Rossouw Agricultural Project	442,571	-	29,069	-	89,787	-	381,853
Municipal Systems Improvement	155,218	-	-	-	-	155,218	0
Herschel People's Housing	5,986,491	-	357,461	-	-	-	6,343,952
Internet/Communication Systems	556,448	-	11,990	-	88,450	322,485	157,503
	<b>15,401,683</b>	<b>-</b>	<b>782,899</b>	<b>8,901,080</b>	<b>4,675,973</b>	<b>6,851,796</b>	<b>13,557,893</b>

## APPENDIX B

### EXTERNAL LOANS AND INTERNAL ADVANCES FOR THE YEAR ENDED 30 JUNE 2008

BALANCE AS AT 30/06/2007	RECEIVED DURING YEAR	REDEEMED OR WRITTEN OFF DURING THE YEAR	BALANCE AS AT 30/06/2008
R	R	R	R

#### EXTERNAL LOANS

-	-	-	-
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2008

EXPENDI- TURE		BUDGET FOR PERIOD	BALANCE AS AT 30/06/2007	EXPENDI- TURE FOR PERIOD	WRITTEN OFF, TRANS- FERRED, REDEEMED OR DIS- POSED OF DURING YEAR	BALANCE AS AT 30/06/2008
R		R	R	R	R	R
24,334	LAND & BUILDINGS: Land	-	878,129	-	-	878,129
2,469,254	Buildings	778,997	7,460,083	449,747	-	7,909,830
-	INFRASTRUCTURE: Electricity	-	5,012,248	-	-	5,012,248
3,812,629	Roads	6,347,922	45,603,460	5,088,378	-	50,691,838
-	Sewerage / Waste	646,053	2,296,474	145,144	-	2,441,618
-	Water	-	-	-	-	0
3,583,808	COMMUNITY: Buildings	2,628,740	18,643,623	2,234,521	-	20,878,144
-	Recreational Facilities	-	250,078	-	-	250,078
-	Security Measures	-	41,746	-	-	41,746
-	HERITAGE:	-	-	-	-	0
-	INVESTMENT:	-	-	-	-	0
-	OTHER: Buildings	9,934,475	27,275	-	-	27,275
261,470	Office Equipment	711,666	1,382,291	435,116	99,859	1,717,548
80,569	Furniture & Fittings	318,197	617,065	35,478	396	652,147
-	Bins & Containers	-	34,825	-	-	34,825
-	Emergency Equipment	-	321	-	-	321
1,051,525	Motor Vehicles	440,000	3,196,673	434,232	254,770	3,376,135
1,003,429	Plant & Equipment	860,000	9,848,058	909,817	82,844	10,675,031
			-			
<b>12,287,018</b>	<b>TOTAL FIXED ASSETS</b>	<b>22,666,050</b>	<b>95,292,349</b>	<b>9,732,433</b>	<b>437,869</b>	<b>104,586,913</b>
	<b>LESS: CAPITAL REDEEMED &amp; OTHER RECEIPTS</b>		<b>95,292,349</b>	<b>9,732,433</b>	<b>437,869</b>	<b>104,586,913</b>
	Loans Redeemed & Advances Paid		-	-	-	0
	Contributions Ex Revenue		33,805,952	3,501,100	337,280	36,969,772
	Grants & Subsidies		61,486,397	6,231,333	100,589	67,617,141
	Public Contributions		-	-	-	0
	<b>NET FIXED ASSETS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

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

<b>ACTUAL 2007</b>		<b>ACTUAL 2008</b>	<b>BUDGET 2008</b>
<b>R</b>		<b>R</b>	<b>R</b>
<b>INCOME</b>			
1,130,884	National / Provincial / District Grants & Subsidies	11,056,617	22,592,890
6,646,096	Reserve & Surplus Funds	1,131,151	4,523,827
27,649,635	Equitable share	31,230,447	31,230,447
2,374,830	Assessment Rates	2,653,246	2,379,740
1,384,330	Rentals	273,226	130,000
2,328,759	Sewerage / Sanitation	2,415,462	2,158,180
2,544,185	Refuse Removal	2,647,727	2,780,540
6,594,216	Electricity	6,822,647	6,835,560
1,700,710	Water	1,775,867	1,633,270
1,478,181	Traffic	1,721,230	738,514
4,107,121	Income for Agency Services	5,334,167	6,156,425
4,462,646	Other	5,834,383	3,391,200
<b>62,401,593</b>		<b>72,896,170</b>	<b>84,550,593</b>
<b>EXPENDITURE</b>			
24,630,171	Salaries, Wages & Allowances	26,055,139	27,484,175
15,954,160	General Expenses	23,007,640	35,288,209
3,348,098		770,449	2,878,835
140,617	Capital Charges	-	163,100
6,185,732	Contributions to Fixed Assets	9,732,433	12,731,575
156,735	Contributions to Funds	178,112	90,000
4,724,602	Bulk: Electricity Purchases	5,522,173	5,717,500
<b>55,140,115</b>	<b>Gross Expenditure</b>	<b>65,265,946</b>	<b>84,353,394</b>
-	Less: Amounts charged out	-	-
<b>55,140,115</b>	<b>Net Expenditure</b>	<b>65,265,946</b>	<b>84,353,394</b>

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

30/06/2007 ACTUAL INCOME	30/06/2007 ACTUAL EXPENDI- TURE	30/06/2007 SURPLUS / (DEFICIT)		30/06/2008 ACTUAL INCOME	30/06/2008 ACTUAL EXPENDI- TURE	30/06/2008 SURPLUS / (DEFICIT)	30/06/2008 BUD- GETED SURPLUS / (DEFICIT)
R	R	R		R	R	R	R
47,052,592	41,177,168	5,875,424	<b>RATE &amp; GENERAL SERVICES</b>	53,316,755	46,027,300	7,289,455	837,199
37,185,979	31,209,721	5,976,258	<b>Community Services</b>	42,030,357	35,233,126	6,797,231	937,199
6,780,387	7,307,760	(527,373)	Council	7,061,694	7,143,001	(81,307)	(89,339)
3,963,482	3,964,592	(1,110)	Executive	2,625,998	2,283,644	342,354	(265,377)
2,048,175	1,754,033	294,142	Finance & Administration (Corporate)	1,853,963	2,529,398	(675,435)	(222,000)
798,735	526,053	272,682	Public Safety	809,735	579,180	230,555	52,000
6,315,279	3,052,647	3,262,632	Finance & Administration (Finance)	8,721,229	4,766,089	3,955,140	1,967,475
1,111,621	450,765	660,856	Road Transport	1,592,957	488,835	1,104,122	8,870
1,306,755	1,155,859	150,896	Finance & Administration (Technical)	1,309,174	1,332,320	(23,146)	(150,000)
200,000	160,569	39,431	Waste Water Management (Storm Water)	5,254,693	4,621,441	633,252	-
6,657,403	6,650,179	7,224	Road Transport	4,055,428	3,909,984	145,444	(120,000)
478,895	447,923	30,972	Electricity (Street Lighting)	372,073	366,635	5,438	-
1,357,072	1,147,872	209,200	Finance & Administration (Community)	1,555,345	1,026,765	528,580	-
1,483,056	1,208,264	274,792	Planning & Development	1,612,114	1,041,433	570,681	330,000
338,936	342,474	(3,538)	Community & Social (Libraries)	623,630	462,639	160,991	98,670
2,457,165	1,388,915	1,068,250	Community & Social (Halls & Facilities)	2,039,592	2,742,077	(702,485)	(871,100)
60,583	50,751	9,832	Community & Social (Cemeteries)	1,212,918	1,193,073	19,845	6,000
64,520	12,281	52,239	Public Safety	70,504	2,093	68,411	42,000
1,263,915	1,088,784	175,131	Sport & Recreational	717,836	45,519	672,317	300,000
500,000	500,000	-	Other	541,474	699,000	(157,526)	(150,000)
-	-	-	Estate (Commonage & Land)	-	-	0	-
-	-	-	Parks & Public Places	-	-	0	-



## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

30/06/2007 ACTUAL INCOME	30/06/2007 ACTUAL EXPENDI- TURE	30/06/2007 SURPLUS / (DEFICIT)		30/06/2008 ACTUAL INCOME	30/06/2008 ACTUAL EXPENDI- TURE	30/06/2008 SURPLUS / (DEFICIT)	30/06/2008 BUD- GETED SURPLUS / (DEFICIT)
R	R	R		R	R	R	R
<b>297,578</b>	<b>420,501</b>	<b>(122,923)</b>	<b>Subsidized Services</b>	<b>575,468</b>	<b>436,850</b>	<b>138,618</b>	<b>0</b>
297,578	420,501	(122,923)	Health	575,468	436,850	138,618	-
<b>9,569,035</b>	<b>9,546,946</b>	<b>22,089</b>	<b>Economic Services</b>	<b>10,710,930</b>	<b>10,357,324</b>	<b>353,606</b>	<b>(100,000)</b>
4,249,719	4,249,719	-	Waste Water Manage- ment (Sewerage)	4,683,399	4,683,399	0	-
5,319,316	5,297,227	22,089	Waste Management	6,027,531	5,673,925	353,606	(100,000)
<b>411,645</b>	<b>224,969</b>	<b>186,676</b>	<b>HOUSING SERVICES</b>	<b>3,520,411</b>	<b>3,355,745</b>	<b>164,666</b>	<b>20,000</b>
411,645	224,969	186,676	Housing	3,520,411	3,355,745	164,666	20,000
<b>14,937,356</b>	<b>13,737,978</b>	<b>1,199,378</b>	<b>TRADING SERVICES</b>	<b>16,059,004</b>	<b>15,882,901</b>	<b>176,103</b>	<b>(660,000)</b>
4,056,996	4,056,996	-	Water	4,450,695	4,450,695	0	-
10,880,360	9,680,982	1,199,378	Electricity (Distribution)	11,608,309	11,432,206	176,103	(660,000)
<b>62,401,593</b>	<b>55,140,115</b>	<b>7,261,478</b>	<b>TOTAL</b>	<b>72,896,170</b>	<b>65,265,946</b>	<b>7,630,224</b>	<b>197,199</b>
		(5,794,969)	Appropriations for this year - refer to Note 23			83,056	
		1,466,509	Net Surplus / (Deficit) for the year.			7,713,280	
		33,940,225	Accumulated Surplus / (Deficit) at beginning of the year.			35,406,734	
		<b>35,406,734</b>	<b>ACCUMULATED SURPLUS / (DEFICIT) AT END OF THE YEAR</b>			<b>43,120,014</b>	

**STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

		2008	2007	2006
General statistics				
Population		135,145	135,145	135,145
Registered Voters		61,368	61,368	61,368
Area (square km)		7,329.25	7,329.25	7,329.25
Total valuations:				
Residential Property		86,536,060	86,536,060	86,536,060
Commercial Property		21,637,500	21,637,500	21,637,500
Industrial Property		-	-	-
Public Service Infrastructure		-	-	-
Public Benefit Organisations		5,494,000	5,494,000	5,494,000
Agricultural Purposes		291,176,650	291,176,650	-
Agricultural Other		-	-	-
State - Local Services		-	-	-
State - District Services		-	-	-
State - National / Provincial Services		29,424,500	29,424,500	29,424,500
Municipal Property		25,597,520	25,597,520	25,597,520
Vacant Property		7,579,650	7,579,650	7,579,650
Valuation date:		27/01/2005	27/01/2005	27/01/2005
Number of properties:				
Residential Property		1,924	1,924	1,924
Commercial Property		144	144	144
Industrial Property		-	-	-
Public Service Infrastructure		-	-	-
Public Benefit Organisations		40	40	40
Agricultural Purposes		1,133	1,133	-
Agricultural Other		-	-	-
State - Local Services		-	-	-
State - District Services		-	-	-
State - National / Provincial Services		69	69	69
Municipal Property		2,514	2,514	2,514
Vacant Property		682	682	682
Assessment rate:				
Basic (per Rand)		0.017	0.016	0.015
Rebate				
Number of employees		187	192	183

## STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007	2006
<b>Electricity statistics</b>			
Units (kWh) purchased	21,588,749	20,055,968	19,793,537
Units (kWh) sold	14,495,551	14,633,831	13,834,323
Units (kWh) lost in distribution	7,093,198	5,422,137	5,959,214
Percentage lost in distribution	32.86%	27.04%	30.11%
Cost per unit sold	0.395	0.317	0.308
Income per unit sold	0.513	0.447	0.423
KVA Consumers	33	31	8
kWh Consumers	1,055	1,047	1,032
Pre-paid Consumers	657	667	657
Municipal Consumers	55	42	40
<b>Water statistics</b>			
Units (kl) purified	2,822,922	945,096	746,245
Units (kl) purchased	2,241,764	292,800	173,500
Units (kl) sold	1,918,376	822,233	321,598
Units (kl) lost in distribution	N/A	N/A	N/A
Percentage lost in distribution	N/A	N/A	N/A
Metered Water Consumers	1,353	1,142	4,353
Un-metered Water On-site	3,304	2,084	904
Communal Taps	15	34	436

*The 3 304 Un-metered Water On-site makes it impossible to determine the Units (kl) and Percentage lost in water distribution.*



**REPORT OF THE AUDITOR GENERAL**  
**attached as Annexure B**

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

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Senqu 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, and the accounting officer's report as set out on pages 1 to 24.

### Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1.1 to the financial statement 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) 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 policy is to prepare financial statements on or the entity-specific basis of accounting, as set out in accounting policy note 1.1 to the financial statements

#### **Basis for qualified opinion**

##### **Revenue**

9. During the financial year, the municipality lost 7 093 198 kilowatt hours in electricity distribution or 32.8% of total kilowatt hours purchased. Distribution losses of 3 854 886 kilo watt hours can not be allocated to normal technical distribution losses resulting in a potential understatement of revenue and debtors of R1,69 million at a sale tariff of R0.4380 per kilo watt hour.
10. The municipality did not comply with section 77 of the Municipal Property Rates Act, No. 6 of 2004 which requires the municipality to regularly, but at least once a year, update its valuation roll by preparing a supplementary valuation roll. The reconciliation of the valuation roll with property rates income indicated that the property rates income and consumer debtors is understated by R0.4 million.

##### **Irregular Expenditure**

11. The municipality have an agreement to provide financial assistance with Senqu Tourism which constitute of individuals from the Senqu's municipal area. The accounting officer failed to comply with section 67 of the MFMA in transferring R0.7 million to Senqu Tourism. Expenditure incurred in contravention of section 67 is considered to be irregular.
12. The municipality provided the mayor with a housing allowance. Such a benefit does not fall within the framework of the Political Officers Bearers Act, 1998 (Act No. 20 of 1998) and would constitute a violation of section 167 of the MFMA. Failure to comply with the Political Office Bearer's Act resulted in irregular expenditure of R0.03 million.
13. The municipality failed to disclose the total irregular expenditure of R0.7 million in the financial statements as required by section 125(2)(d)(i) of the MFMA.

## Provisions

14. The municipality, which operates landfill sites, has an obligation in terms of section 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 community services department. 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.

## Qualified opinion

15. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements of the Senqu Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1.1 to the financial statements and in the manner required by the MFMA and DoRA.

## OTHER MATTER(S)

Without qualifying my audit opinion, I draw attention to the following matter(s) that relate to my responsibilities in the audit of the financial statements:

## Internal controls

16. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified audit 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		✓ □	✓ □	✓ □	
Irregular expenditure			✓ □	✓ □	
Provisions		✓ □	✓ □	✓ □	

### **Non-compliance with applicable legislation**

17. The municipality did not comply with Section 28 of National Environmental Management Act (No 107 of 1998) (NEMA) and Section 20 of the Environmental Conservation Act (No 73 of 1989) (ECA), regarding the disposal site at Sterkspruit.
18. The municipality did not comply with Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA). Failure to adhere to Section 67(1)(d) of the Municipal Finance Management Act (Act No. 56 of 2003) resulted in a loss of R 186 084 to the municipality. The loss was also not disclosed in the financial statements, as required by section 125(2)(d)(i) of the MFMA.
19. The municipality did not comply with Section 64(1) of the MFMA, as the cost of private telephone calls was not identified and recovered.
20. The municipality did not comply with Sections 53 and 70 of the Municipal Systems Act (Act No. 32 of 2000), on the delegation of powers and duties; and the Code of Conduct to be provided to staff members and communicated to local community, respectively.
21. Audit evidence was obtained that there was non-compliance to Schedule 1: Code of Conduct for councillors and Schedule 2: Code of Conduct for municipal staff members per the Municipal Systems Act (Act No. 32 of 2000).
22. During the financial year the municipality did not adhere to section 6 & 7 of the Municipal Investment Regulations, regarding prohibited investments and the types of investments that may be made.
23. The municipality has not adhered fully to the provisions of section 20(4) of the VAT Act, regarding the validity of tax invoices.



## Matters of governance

24. 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
<b>Audit committee</b>		
• The municipality had an audit committee in operation throughout the financial year.	✓ <input type="checkbox"/>	
• The audit committee operates in accordance with approved, written terms of reference.	✓ <input type="checkbox"/>	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA.	✓ <input type="checkbox"/>	
<b>Internal audit</b>		
• The municipality had an internal audit function in operation throughout the financial year.	✓ <input type="checkbox"/>	
• The internal audit function operates in terms of an approved internal audit plan.	✓ <input type="checkbox"/>	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA.		✓ <input type="checkbox"/>
<b>Other matters of governance</b>		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.	✓ <input type="checkbox"/>	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		✓ <input type="checkbox"/>
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓ <input type="checkbox"/>
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓ <input type="checkbox"/>
• The prior year's external audit recommendations have been substantially implemented.	✓ <input type="checkbox"/>	
<b>Implementation of Standards of Generally Recognised Accounting Practice (GRAP):</b>		
• 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.	Not applicable	
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant	Not applicable	

<sup>1</sup> This section should be deleted for:

- municipal entities; and
- municipalities that apply the GRAP, GAMAP & GAAP basis of accounting

Matter of governance	Yes	No
provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		
<ul style="list-style-type: none"> <li>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.</li> </ul>	Not applicable	

## OTHER REPORTING RESPONSIBILITIES

### REPORT ON PERFORMANCE INFORMATION

25. I was engaged to review the performance information.

#### Responsibility of the accounting officer for the performance information

26. 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

27. 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].

28. 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.

29. 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

30. The municipality has not submitted a performance report for audit purpose as required by paragraph 4 of Government Gazette No. 29919 (Notice 646 of 2007) on Performance Information dated 25 May 2007.

31. During the audit of performance information, it would appear that the municipality did not comply with the following regulations:

- Section 30 of the Municipal Systems Act (No 32 of 2000) (MSA) - The executive committee/ executive mayor/ committee of councillors of a municipality, in accordance with the prescribed IDP development process,

managed the drafting of the IDP and assigned the responsibility of drafting the IDP to the municipal manager.

- Section 26(c),(d),(h) of the MSA - The council's development priorities and objectives for its elected term. Alignment of development strategies with national or provincial sectoral plans and planning requirements binding in terms of legislation. A financial plan, which must include a budget projection for at least the next three years
- Reg. 2(3) - Include the budget projection; Indicate the financial resources that are available for capital project developments and operational expenditure; and include a financial strategy that defines sound financial management and expenditure control and means of increasing revenues and external funding for the municipality.
- Section 36 of the MSA- The municipality informed the community of the implementation of the IDP, and conducted its affairs in a manner which was consistent with its IDP, (Reg. 15).
- Reg. 8 - The council adopted the PMS before or at the same time as the commencement by the municipality of the process of setting KPI's and targets in accordance with its IDP.
- Section 40 of the MSA - The municipality must establish mechanisms to monitor and review the PMS
- MFMA section 54(1)(c ), 71 and 72 - On receipt of a statement or report submitted by the accounting officer of a municipality in terms of section 71 or 72 the mayor must, *inter alia*, consider and, if necessary, make any revisions to the SDBIP, provided that the provisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget.
- MSA section 41; Reg. 13 - Actual performance is monitored, measured and reviewed on an quarterly basis by council with regards to each of the development priorities and objectives and against the KPI's and targets.

32. The integrated development plan of Senqu Local Municipality did not include the performance targets as required by section 26(i) of the MSA.

#### **Lack of sufficient appropriate audit evidence**

33. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of Senqu Local Municipality, as I was unable to obtain access to the following records pertaining to the programme listed below:

- Sustainable basic services: Health - Quarterly reports submitted

## APPRECIATION

34. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

*Auditor-General*

EAST LONDON

30 November 2008



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

## **RESPONSE TO THE AUDITOR GENERAL'S REPORT AND AUDIT PLAN**

SENQU MUNICIPALITY'S RESPONSE TO THE AUDITOR GENERAL'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### **PURPOSE**

In terms of the Public Audit Act No 25 of 2004 and s121(3)(g) of the Municipal Finance Management Act, Act No 56 of 2003, it is required that the particulars of any corrective action taken or to be taken in response to issues raised in audit report, be included in the annual report of the Municipality.

Detailed below are the comments in response to the Auditor-General's Report *with reference specifically to disclosure in terms of S121 (3) (G) of the MFMA – corrective c*

**ACTION PLAN (PARTICULARS OF CORRECTIVE ACTION TAKEN/ TO BE TAKEN) FOR AUDIT REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2009**  
DISCLOSURE IN TERMS OF S121 (3)(G) OF MFMA

NO	FINDINGS	DEPARTMENT/ PROCESS	DESCRIPTION	ACTION PLAN	TIMEFRAMES	RESPONSIBILITY
1	Irregular rental allowance paid to mayor	Employee costs	Audit Report: Qualification	Rental allowance paid to Mayor is a rental of his house in lieu of providing the Mayor with accommodation; in accordance with S4.4 of Mayor's Handbook - SALGA. Treatment of rental allowance was incorrect and will be rectified in the current financial year. National Treasury will be engaged on the treatment of the rental allowance paid to Mayor - for Technical guidance.	30 June 2009	Municipal Manager
2	Payments made to Senqu Tourism	Expenditure	Audit Report: Qualification	Monthly expenditure reports are submitted by Senqu Tourism from 1 July 2008 to date; Audited Annual Financial Statements for 2008 FYE have been provided by the organisation for inspection; and No funding will be provided to Senqu Tourism for the 2010 FYE.	30 June 2009	Strategic Planning Officer
3	Possible fruitless and wasteful expenditure on electricity	Expenditure	Audit Report: Qualification	Council needs to make resources available to implement the CIP(Construction Implementation Plan) which is essentially the master plan. Disclosure will be made in the Annual Financial Statements for fruitless and wasteful expenditure in the 2009 FYE.	Not applicable  30 June 2009	Operations – Mr Crozier  Chief Finance Officer
4	Revenue understated due to unexplained distribution losses	Revenue	Audit Report: Qualification	Electricity losses are not un-explained as the causes are known and the understatement is under the financial department control. Disclosure will be made in the Annual Financial Statements for fruitless and wasteful expenditure in the 2009 FYE.	Ongoing  30 June 2009	Operations – Mr Crozier  Chief Finance Officer
5	No reconciliation of rates per valuation roll to actual billing	Revenue	Audit Report: Qualification	Building plan register was used by auditors for reconciliation of rates per valuation to actual billing; some of the house have not been built and no rates are therefore billed. Huge number of RDP houses is still registered in the name of the municipality and has not yet been transferred to the occupants. Rates are not billed on these houses. This accounts for the differences raised by Auditor General on rates per valuation to actual billing	Not applicable	Chief Finance Officer

NO	FINDINGS	DEPARTMENT/ PROCESS	DESCRIPTION	ACTION PLAN	TIMEFRAMES	RESPONSIBILITY
6	Non-compliance to National Environmental Management Act	Compliance	Audit Report: Qualification	Permit to be obtained Consultants have been appointed to calculate the estimate of provision	July 2009	Community Services Manager
7	Private telephone costs are not recovered	Expenditure - HR	Audit Report: Other matters	From 1 July 2008, controls have been strengthened in recovery of private telephone costs; and - These costs are recovered from employees' remuneration	Ongoing	Mary Anne
8	Delegations of authority are not in writing	All	Audit Report: Other matters	Formal documentation exists of delegations approved by Council. Furthermore, it is management's intention to provide each Manager with these delegations.	31 May 09	Municipal Manager
9	Code of Conduct not obtained	HR	Audit Report: Other matters	Subsequent to audit, all staff have attended a workshop on the Code of Conduct in March 2009. Signed Code of Conduct documents in all employees files. Code of Conduct to be workshopped and signed by Councillors.	Done May 2009	Corporate Services
10	Implementation of fraud prevention plan not formalised	Governance	Management letter item	Fraud Prevention plan should be approved by Council and adopted. Fraud Prevention plan should be workshopped to all employees- Established of Fraud Prevention Committee	30 June 2009	Municipal Manager
11	Ineffectiveness of the Internal Audit function  Non-compliance to audit charter and other requirements	Governance	Management letter item  Management letter item	A review of Performance Reporting and Accountability/ Institutional PMS, departmental quarterly reporting and accountability has been included in the 2009 Internal Audit plan with the following scope: Systems and sources of information relative to performance reporting; Processes and systems relative to performance reporting; and Review of key performance data/information. Identification of weaknesses in internal controls and the strengthening thereof by management is an ongoing process  Internal Audit charter to be updated and discussed at March 2009 Audit Committee meeting. A formal document 'status of internal audit' will be submitted by Internal Audit for discussion at each Audit Committee. Previously this practice was verbal; however from the January 2009 Audit Committee this action has been implemented.	May 2009  Ongoing 26 March 2009 At each AC	Internal Audit  Internal Audit Audit Committee Internal Audit

NO	FINDINGS	DEPARTMENT/ PROCESS	DESCRIPTION	ACTION PLAN	TIMEFRAMES	RESPONSIBILITY
12	No formally approved and adopted risk management policy during the financial year	Governance	Management letter item	A risk management policy will be drafted, approved and adopted. A risk management committee will be formed which will have as its members, senior management representatives from all the various departments	30 June 2009	Municipal Manager Internal Audit
13	Investments: Prohibited investment was made	Finance	Audit Report: Other matters	All non-permitted investments have been de-invested. These investments with StanLIB were made in December 2003.	Done	Chief Finance Officer
14	Tax invoice not reflecting the details required by the VAT Act	Expenditure: Finance	Audit Report: Other matters	These invoices were isolated incidents; Finance department staff will ensure that all invoices received reflect the details required by the VAT Act.	Ongoing	Chief Finance Officer
15	Performance Information Point No. (3.1 - 3.5) in management letter	All: Performance Information	Audit Report: Other matters	All Auditor General items will be addressed during the 2009 FYE in preparation for the increased focus on Performance Information by the Auditor General and the intended issue of a Performance report by the Auditor General in the 2010 FYE.	Ongoing	Municipal Manager
16	Vehicle loss due to negligence not disclosed	Disclosure	Audit Report: Other matters	Employee involved in the vehicle loss will be billed for the amounts incurred by Municipality and normal credit controls procedures will be implemented thereafter Fleet Management Policy has recently been approved by Council Installing of tracking systems for complete management of all vehicles is under discussion for the 2010 FYE.	Ongoing	Rob Crozier



## CONCLUDING REMARKS

In conclusion, it must be acknowledged that whilst a qualified audit opinion was obtained, which is highly regrettable, it is of some comfort to acknowledge that the issues raised and highlighted above can and will, be resolved and remedied within the next financial year.

The Audit Committee established has prepared an Audit Plan to ensure insight and compliance at every level. As a critical area, formal commitment is provided to addressing these issues as a top priority and to prevent reoccurrence.



# REPORT OF THE INTERNAL AUDIT COMMITTEE

# REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE COMMITTEE AND COUNCIL OF THE SENQU MUNICIPALITY

We are pleased to present our report for the financial year ended 30 June 2008  
Audit Committee Members and Attendance.

The Audit Committee was established during 2004 and consists of the following members:

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008
Mr. D Du Plessis (Chairperson)	4
Mr. G De Jager	3
Mr. J. Hattingh	4

## AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has adopted appropriate formal terms of reference via the Audit Committee Charter, which have been approved by the Municipal Manager.

## EVALUATION OF ANNUAL FINANCIAL STATEMENTS

These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA.

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and Council;
- Reviewed the Auditor-General management letter and management's response thereto;
- Reviewed the selection of accounting policies and practices;
- Reviewed the effectiveness of the internal control systems;
- Reviewed the effectiveness of internal audit;
- Reviewed the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- Reviewed the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Reviewed the accounting and auditing concerns identified as a result of internal and external audits;
- Reviewed the Municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

The Audit Committee disagrees with some of the Auditor General conclusions on the annual financial statements.

## PERFORMANCE MEASUREMENT

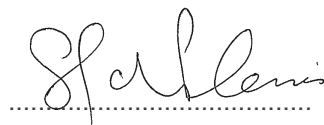
The Audit Committee notes an improvement in the method of reporting the performance of the Municipality.

## RISK MANAGEMENT

Whilst progress has been made in the establishment of the risk management structure and framework, a risk management function and process was not established and implemented for the year under review. This includes the establishment of a Risk Committee and the facilitation of strategic and operational risk assessments.

## CONCLUSION

The Committee is pleased to note a number of improvements during the year end overall governance and control. The Committee fully supports the Municipality on its journey of improved service delivery and a successful 2010 Soccer World Cup event.

A handwritten signature in black ink, appearing to read 'D Du Plessis', written over a horizontal dotted line.

Mr. D Du Plessis  
Chairperson of the Audit Committee  
Senqu Municipality: Lady Grey



**FUNCTIONAL AREA  
SERVICE DELIVERY**

## 5.1. COMMUNITY SERVICES DEPARTMENT



COMMUNITY SERVICES  
MS GOLOGOLO

### OBJECTIVE

To ensure efficient and effective services to the community.

### VISION

To provide social services, promote social development thus creating a better lifestyle for the people of Senqu.

### MISSION STATEMENT

The Community and Social Services Department promotes social development by providing primary health services, community services and facilitates development of local economic development.

This department is responsible for the following functions:

- Library Services
- Community Halls and facilities
- Cemeteries
- Sport and Recreation facilities
- Parks and Public Open Spaces
- Health: Robert Mjobo Clinic
- Public Safety
- Local Economic Development
- Commonages/Pounds

### COMMUNITY AND SOCIAL SERVICES SECTION

The functions of the provision of various Community and Social Services within the Senqu Municipality is administered as follows and key issues are identified within each function below :

#### LIBRARIES

The overall objectives of this function are to provide reading and study material amongst the youth.

#### Section Objectives (2007/08)

- The installation of electricity in the Sterkspruit Library and the supply of library material
- Purchase of computers for the three libraries

- Selection of books from the book fare
- Promotion and participation in the library week activities
- Promotion of library in rural areas

### **Nature and extent of facilities provided**

#### LIBRARY SERVICES

LIBRARY	NO. OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	55	298
Rossouw	1	96	102 – Library closed in January
Barkly East	1	698	7856
Lady Grey	1	860	5187
Sterkspruit	1	97	3320

### **COMMUNITY HALLS**

The overall objectives of this function are to provide new facilities in the rural areas and to maintain existing facilities.

#### **Strategic Objectives**

- Renovation of the Transwilger hall
- Building of two (2) Community Halls in the rural area Tapoleng and Majuba
- Handing over of completed multi purpose centres

### **Nature and extent of facilities provided**

#### COMMUNITY HALLS/FACILITIES

Barkly East	-	3 facilities
Lady Grey	-	3 facilities
Sterkspruit (town)	-	1 facility
Sterkspruit (rural areas)	-	12 facilities

There are 72 multi-purpose centres including rural areas

### **CEMETERIES**

The overall objectives of this function are to provide and control burials within the framework of the Health Act.

#### **Strategic Objectives**

- The development of multiple cemeteries within Senqu Municipality
- Control and maintenance of cemeteries

## Nature and extent of facilities provided

### CEMETERIES

- Barkly East 3 facilities and 124 burials
- Lady Grey 3 facilities and 112 burials
- Sterkspruit (urban) 1 facility and 3 burials
- Rhodes 2 facilities and 9 burials

## SPORT AND RECREATION FACILITIES

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Senqu Municipality

### Strategic Objectives

- Repairs and maintenance to existing building at sportsfields within Senqu Municipality
- Levelling and planting and cutting of grass Lady Grey – 104 012 square metres; grass cut including sidewalks
- Upgrading of rural sportsfields

## Nature and extent of Facilities provided

### SPORT AND RECREATION FACILITIES

- Barkly East 2 facilities
- Lady Grey 3 facilities
- Sterkspruit (urban) 1 facility
- Sterkspruit (rural) 46 facilities

## PARKS AND PUBLIC OPEN SPACES

The overall objectives of this function are to provide and maintain parks and open spaces creating a pleasant environment for the communities.

### Strategic Objectives

- The pruning of the trees along municipal streets within Senqu
- Regular cutting of grass on sidewalks and open spaces
- Cutting of old trees at Rhodes which threatened to be a danger to the community

## COMMONAGES

The overall objectives of this function are to manage commonages within Senqu Municipality.

### Strategic Objectives

- To maintain and repair fencing on commonages at Barkly East and Lady Grey
- To try and get farms for Barkly East commonage users which is over grazed

## WASTE MANAGEMENT: SOLID WASTE SECTION

### Strategic Objectives

- Regular refuse removal to all households once a week
- Regular refuse removal at commercial businesses twice a week
- Daily street cleaning



- Maintenance of vehicles and implements

### Nature and extent of facilities provided

Number of households receiving regular removal services and frequency and cost of service.

- Remove by Municipality at least once a week: 8002 cubic metres
- Remove by Municipality less often
- Clearing of illegal dumping in open spaces
- Own refuse dump: 4

### Total and projected cubic meters of all refuse disposed

	<u>Current</u>	<u>Future</u>
Domestic / Commercial	4 432	5000
Garden	2 253	3600

### Total number, capacity and life expectancy of refuse disposal sites

	<u>Capacity</u>	<u>Lifespan</u>
Domestic / Commercial (4)	8 000m <sup>3</sup>	20 years
Garden (4)		20 years

### Anticipated expansion of refuse removal services

	<u>Capacity</u>	<u>R(000s)</u>
Domestic / Commercial (1000 new households)	1000	20 years

### Free Basic Services Provision

	<u>Capacity</u>	<u>R(000s)</u>
• Quantity (number of households affected)	2223	R74.65 pm
• Quantum (value to each household)		

### Total Operating cost of solid waste

	<u>R(000s)</u>
Management Function	6046

### Performance Indicators

- Regular refuse removal to all households once a week  
All households provided with regular refuse removals once a week in urban areas
- Regular refuse removals at commercial businesses twice a week
- Daily removal during the December holidays in commercial businesses particularly Sterkspruit
- Daily street cleaning  
Street been cleaned daily with assistance of volunteers
- Maintenance of vehicles and implements  
Vehicles and implements are maintained in good order
- Establish one registered solid waste site in Sterkspruit  
Future planned action

## HEALTH (CLINIC) SECTION

### Background

The service is responsible for the provision of Clinic Services at the Robert Mjobo Clinic at Lady Grey.

The function for the provision of community health clinics within the municipality is administered as follows and includes:

- Agency relationships with the Provincial Department of Health of the Eastern Cape
- Unit management including in-service training to staff
  - Reporting daily activities
  - Monthly reports/statistics
  - Quarterly reports

The overall objectives of this function are to ensure a healthy environment and to ensure that primary health services and facilities are available

### Strategic Objectives

- Ensure optimal primary health for all citizens
- Investing in the training of staff in order to ensure development of skills, thereby contributing to quality in-service delivery
- Regular HIV/AIDS forum meetings
- Training of HIV/AIDS peer educators
- Water quality monitoring program by the Ukhahlamba District Municipality and they provide reports
- Inspection of business premises to ensure food preparation is done within health requirements. Done by Municipal Health District Municipality and provide reports.

## LOCAL ECONOMIC DEVELOPMENT SECTION

### Background

This section is responsible for all activities associated with Economic Development activities.

It is responsible for:

- Organizing meetings and workshops involving economic development, planning organizations and SMME's (e.g. training and lending organizations).
- Analysing and reviewing all by-laws and/or legislation, which appear to retard or promote economic growth and development, in order to be able to make contingency plans.
- Analysing land accessibility, availability and infrastructure in order to discover the most appropriate areas in which to drive the concept of economic development.
- Developing strategies through research studies within similar framework, to ensure programmes success.
- Developing action plans to ensure programmes success.
- Interacting with community forums to promote SMME development.
- Promoting the development of existing strategic sites within the Municipality by marketing them to developers.
- Formulating an informal trading policy and promote trading facilities.

## Strategic objectives

To stimulate economic growth through:

- SMME development
- Capacity building
- Formulation of economic development strategy
- Facilitation and promotion of investments
- Mobilizing development stakeholders
- Collecting development information and research.

## Current Projects

DETAIL	<u>Total</u>
• Barkly East disabled	R100 000
• Masakhane Rossouw Agricultural Project	R400 000
• Lady Grey LED	R200 000
• Rural commonage	R250 000
• LED strategy	R280 000
• Brick making	R300 000
• Commonage management plan	R112 500
• Holo Hlahatsi agricultural	R400 000

## BENEFITS OF PROJECTS

- Short-term employment
- Long-term employment
- All are direct municipal initiative

## MIG GRANT FUNDING

### Community and Social Services: Three Year + Capital Plan (Own Functions) Mig As At June 2008

PROJECT NAME	STATUS	TOTAL VALUE
Senqu Cemeteries	70%	4,000,000
Solid Waste Site-Sterkspruit	0%	2,736,000
Establishment of pounds-Senqu (Design complete)	5%	650,000
Upgrading of Sport Facilities in Sterkspruit	0%	3,568,656
Construction of 4 Community Halls	0%	5,000,000
Construction of Solid Waste Sites (Rhodes & Herschel)	0%	2,311,639
3 x Community Centers	0%	1,000,000
Construction of 12 Community Centers (2nd Application)	0%	815,073
Upgrade of Sterkspruit Disposal Works	0%	6,000,000
Construction of MPCC at Coville	0%	259,623
Construction of 15 shearing sheds-Phase 2-Herschel rural	0%	3,200,000
Construction of 6 community centers (Ph2)	0%	1,500,000
Construction of 10 community centers(ph3)	0%	3,000,000
Construction of 16 Community Halls	0%	6,000,000

It should however be noted that the above is evaluated yearly and may change dependent on circumstances.

## 5.2. CORPORATE SERVICES DEPARTMENT



ACTING CORPORATE SERVICES  
**M. THERON**

### OBJECTIVE

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development.

### VISION STATEMENT

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

### MISSION

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

## **ROLE AND FUNCTION: KEY FOCUS AREAS**

- To provide Human Resources support and maintain sound labour relations.
- To provide Administrative and Council Support
- To provide legal support, contract and property management services
- To co-ordinate and manage Employment Equity issues, Skills Development and Training
- To provide adequate Housing Delivery
- To provide and maintain a safe environment by providing efficient, effective and professional Traffic/Law Enforcement functions

### **Human Resources**

HUMAN RESOURCES:      Benefit Administration  
                                 Recruitment & Selection  
                                 Organisational Development and Structure  
                                 Staff Provisioning  
                                 Employee Assistance Programme  
                                 Policy Development

#### OBJECTIVES (2007/2008)

- Train and develop staff and Councillors
- Employment Equity Planning
- Review of Labour-related issues
- Develop strategies to deal with scarcity of skills and to reduce staff turnover
- Annually review organisational structure to enhance organizational efficiency in order to enable Senqu Municipality to achieve its strategic objectives
- To finalize submission of any new, revised and uncompleted job descriptions for the second round job evaluations to PJEC (Region 2)
- Educate all unit supervisors on the Employee Assistance Programme
- Strengthening of internal campaigns to educate employees re HIV/AIDS
- Management and maintenance of policies and research and provision of management support

### **Labour/Employee Relations**

#### STRATEGY 2007/2008

Ensuring the implementation of Labour Relations policy and practices in a manner, which is just and fair.

- Focus on developing and growing the capacity of staff and management
- Capacity-building to enable effective Chairing/Presidency of disciplinary matters – in respect of the roles of prosecuting, formulating charges for disciplinary enquiries, handling conciliations and matters of arbitration.

### **Skills Development**

This function ensures the planning and execution of skills development by ensuring that the Workplace Skills Plan is implemented.

Total Training budget for the period in review was R731 977.87 and levies paid amounted to R170 806.30, which were paid over to LGWSETA.

#### OBJECTIVES 2007/2008

- Workplace Skills Plan 2007/2008
- Implementation of planned Learnership / Internships / In-Service programmes
- Development of skills base and development of capacity-building programmes (Sept 07 and June 08)
- Submission of Implementation Plans (June and September 2007)
- Implementation of further training for GAMAP implementation (further grant received from LGWSETA)
- Progress in respect of ABET and the establishment of accessible ABET Centres (numeracy and basic communication in English)
- Implementation of learning programmes that will further enable employees to acquire skills and qualifications to enhance their performance, whilst optimising Senqu's functioning.

Conduct the following training programmes:

MANAGEMENT AND STAFF	COUNCILLORS
<b>Effective Business Writing &amp; Meeting Management</b> <b>Supply Chain Management</b> <b>Internal Auditor Learnership</b> <b>ABET</b> <b>Skills Development and EE</b> <b>Disciplinary Enquiries</b> <b>Project Management</b> <b>HR Management</b> <b>Performance Management</b> <b>OHS Workshop</b>	Councillor Development Program Introduction to Computers Performance Management Delegation Framework Workshop Ward Committee Training Leadership & Management

#### Students/Intern appointments

STUDENT	POST	QUALIFICATION
<b>FINANCE DEPT</b>		
Nomawabo Ntlani	Creditors Clerk	N3 Matric
Andiswa Jamda	Cashier	ND Accounting
Nontsikelelo Qithi	Cashier	N3 Matric
Ndumiso Nombuyiselo	IT Intern	ND IT & Bus Admin
<b>CORPORATE SERVICES</b>		
Neo Moea	HR Intern	ND HRM
Chabedi Kelebhone	HR Intern	ND HRM
George Ntombifuthi	Admin Asst	N5 HRM
<b>MUNICIPAL MANAGERS DEPT</b>		
Nomngcayi Bongelwa	LED intern	ND Business Man
Siphambo Bahandwa	LED intern	ND Small Bus

## GENERAL COMMENTS

- Challenges regarding the ongoing commitment to ensure attendance of ABET classes.
- Access to accessible ABET facilities/centres.
- Capacity of senior staff to manage Labour Relations (handling of disciplinary enquiries, conciliation and arbitration)
- Training delivery well received.
- Training on OHS Compliance

## PLANNED PROJECTS FOR 2008/2009

- Implementation Human Resources Strategy
- Reviewal of Organogram
- Development /Reviewal of Policies – per AG`s report

### **Employment Equity**

All Employment Equity reports have been submitted in accordance with prescribed legislation.

Employment Equity is considered to be moving in the right direction. Middle management is fairly represented in respect of designated groups and women.

At senior management level, the designated group dominates 60% of the positions: 2 African males – 1 African Female – 2 White males.

The Employment Equity report continues to show progress towards meeting the overall goals as highlighted within the Employment Equity Plan.

#### OBJECTIVES 2007/2008

- Employment Equity Plan and Report for 2007/2008.
- Analysis report of gaps in plan
- Review/Assess Employment Policies, Practices and Procedures

### **Occupational Health & Safety**

Ensuring compliance with the Occupational Health and Safety Act.  
During 2007/08, no occupational injuries were reported.

#### OBJECTIVES 2007/2008

- Monitor usage of safety equipment and assessment of risk areas.
- Health & Safety Committee Meetings occurring as scheduled.
- Submission of compliance/assessment reports.

#### CHALLENGES

Ensuring that safety compliance occurs and same is implemented.  
No budget allocation for OHS activities.

### **General Administration and Council Support**

To ensure that the archives function is effectively and correctly managed.



## OBJECTIVES 2007/2008

- Application for approved File Management Plan from Provincial Archives
- Improve efficiency and effectiveness of Council agendas and minute taking processes
- Provision of logistical and administrative support to Council
- Establishment and functioning of 16 Ward Committees
- Capacity Building/Training of Ward Committee members

## PERFORMANCE MANAGEMENT

To ensure that a performance management system is applied within all designated areas and within service delivery mechanisms, as per legislative requirements.

### Objectives 2007/2008

- Performance Management System to be implemented effectively from top to middle management.
- Introduction and Implementation of Service Delivery and Budget Implementation Plans.
- Establish an independent performance audit committee to assess performance of Managers.

### Challenges

- Funding and capacity
- Performance approvals/evaluations were not conducted in the first quarter.
- Performance Management System (phased-in approach) to middle management
- Development of Policy PMS procedure regarding incentive Scheme

## PUBLIC SAFETY: TRAFFIC MANAGEMENT/LAW ENFORCEMENT AND RELATED FUNCTIONS

Ensuring that Road Traffic Act and related functions are performed according to strict policy and adherence to legislation.

### Objectives 2007/2008

- Promotion of effective, efficient and professional Traffic Control and Law Enforcement service to the community
- Increased learner drivers' licenses by 40%.
- Law Enforcement focus and drives to educate public.
- Improve revenue – drivers licensing Training Centre in Sterkspruit
- Improve safety in Senqu Municipal area
- Improve infrastructure at Traffic Testing Station

### General Comments

- Learners license figures escalated by 60%.
- Driver's license issues increased dramatically.
- More shortage of staff impacts on ability to perform law enforcement function
- Road Traffic signs were installed in the municipal area
- Database upgraded and maintained

## Challenges

- Issuing of fraudulent drivers licenses and issuing of licenses in exchange for sexual favours
- Lack of accountability due to dual reporting relationship (Finance and Corporate Services)
- Misuse of municipal property in the roadworthy testing facility.

## HOUSING AND ESTATES

Promotion of Housing Policy and Provision of low-cost housing through low-cost housing subsidy.

Total allocated budget was x3 Housing Projects	R 20 381 437
(Accrued saving/further budget allocations spent)	<u>R 7 615 949</u>
	R 40 040 213

### Objectives for 2007/08

- Compile and lodge Township Registers for Rhodes, Fairview, Lady Grey, Rossouw and Sterkspruit
- Develop a housing policy and housing sector plan
- Eliminate housing backlogs by 20%

### Challenges and General Comments

- The compilation of township registers were affected by slow process of opening township registers – registers were opened at various stages
- Three housing projects financed by Dept Housing, Local Govt and Traditional Affairs underway. The projects are at various stages of completion – detailed as follows:

#### KWEZI-NALEDI

1000 Project (Municipality is the appointed developer)

- 90% completed;
- 18 units still to be constructed
- Beneficiaries occupancy is at 650
- 18 Units remain unbuilt due to material supply delays
- Beneficiaries allocated have not come forward to claim houses on completion

#### HERSCHEL

700 Project (Municipality is the appointed Developer)

- 505 houses have been completed
- Beneficiary occupancy is at 497
- Difficulties in locating original allocated beneficiaries
- Plans in process to locate alternative beneficiaries
- Township establishment has been submitted to Bhisho for approval

#### HILLSIDE HOUSING

600 Project (Developer Women in Construction)

- New contractor was appointed
- 603 Units have been completed
- Plans in place to rectify defects
- Bridge that was washed away has been re-constructed

#### RHODES RENOVATION OF 30 RDP UNITS

- NHBRC appointed a Contractor to renovate the houses
- Poor workmanship and lack of commitment of Contractor slowed project down
- Defects were identified and submitted to the NHBRC

#### RENOVATION 200 RDP UNITS HERSCHEL/ORANGEFONTEIN

- The District Municipality has renovated all 200 units, though some defects have been identified in some of the houses
- 169 Original Title Deeds were received for these houses
- The access road remains a challenge in this area

#### **Challenges**

- HIV/AIDS Crisis – more elderly and orphaned children.
- Infrastructure – limited capacity of bulk services to meet new developments
- Variations between National & Provincial norms, standards and consequent available funds
- Slow development and land identification processes

#### **Legal Services Contracts and Property Management**

Provides legal support service, this includes but is not limited contract law, litigation, property law.

This service is provided directly and indirectly through a range of Law Firms contracted to the Municipality.

#### CHALLENGES

- Labour Law related and land-related disputes.

## 5.3. TECHNICAL SERVICES



TECHNICAL SERVICES MANAGER

**R. CROZIER**

### OBJECTIVE

The overall objective of the Technical Services Department is to supply efficient, effective and economical services to the community that it serves.

### VISION

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

### MISSION STATEMENT

The Technical Services Department will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation.

### KEY FOCUS AREAS

The Senqu Municipality has the following powers and functions in respect to Key Focus Areas of Technical Services to the community:

- 1) Electricity distribution – licensed areas only
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning – Building Control, zonings, consolidations, sub divisions, spatial development
- 6) Water Provision – Bulk, treatment and reticulation
- 7) Sanitation – Sewerage removal and treatment

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until June 2008 by the Ukhahlamba District Municipality, who are the Water Services Authority.

The department is responsible for the ongoing operation and maintenance of the above services, as well as capital projects undertaken under “own powers & functions”. It should, however, be noted that water and

sanitation capital projects fall under the Ukhahlamba District Municipality.

## **FUNDING**

The operation and maintenance costs are funded through the municipalities internal funding, which is derived from service charges, equitable share allocation under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants).

## **ELECTRICITY & STREET LIGHTING**

### **Section Objectives**

- Provide electricity to 1 713 residential and commercial consumers
- Provide public lighting to Sterkspruit, Lady Grey & Barkly East
- New connections done on request in licensed areas (17) – connections are done on request
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future
- Maintenance of existing public lighting – 182 streetlight repaired - 329 faults attended to
- Extension of public lighting systems - 40 new units of Streetlighting installed at Hershel
- Maintenance and renewal of public buildings electrical installations, when required – 1km line upgraded in Barkly East and 52 km graded in Barkly East, Sterkspruit and Lady Grey, 1550km line upgarded in Barkly East and Sterkspruit
- Purchase of a vehicles /tools and equipment

## **ROADS AND STORMWATER**

### **Section Objectives**

- The maintenance and reconstruction of gravel and surfaced roads - 28 KM road rehabilitated, 52 km graded in Barkly East, Sterkspruit and Lady Grey, 300 potholes repaired
- The construction of sidewalks
- The construction of storm water systems
- The construction of bridges and river crossings – motor bridge constructed: Skizana
- Maintenance of road furniture
- Planning and design of new projects
- Purchase of new plant
- Skills development /empowerment / job creation – created 128 temporary jobs

## **WATER**

### **Section Objectives**

- The Senqu Municipality has been appointed Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed.
- Water purification is undertaken at Lady Grey, Barkly East & Rhodes – 2 822982 KL water purified
- Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw
- Sterkspruit water is supplied by Bloemwater but reticulated by Senqu
- Potable water is reticulated to 5 907 households within the Senqu area of appointment
- New connections are done upon application – 15 new connections, maintenance /repair/ serviced – 54
- Infrastructure is the responsibility of the Water Services Authority
- Rural areas fall under Bloemwater who were appointed by the Ukhahlamba District Municipality
- Maintenance of purification works and reticulation systems

## **SANITATION**

### **Section Objectives**

- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Ukhahlamba District Municipality) on an annual basis until the Section 78 process is completed, and this includes provision of sanitation services in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- New connections are done upon request as there is no real backlog although a large percentage are below RDP standards – 15 new connections
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households served:1326
- Buckets and below RDP standard - : 3013
- Conservancy tanks - 189
- Urban VIP's –257
- Customer care: attended to 1038 complaints and 38 blockages
- The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods
- A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas

## TOWN PLANNING AND BUILDING CONTROL

### Section Objectives

- Application of legislative issues - 16 Building Plans approved, 1 rezoning approved and 13 subdivisions approved.
- Control of land use
- Building safety
- Environmental protection
- Spatial development

THREE YEAR + CAPITAL PLAN (OWN FUNCTIONS) MIG  
As at June 2008

PROJECT NAME	STATUS	TOTAL VALUE
Senqu Cemeteries	70%	4,000,000
Construction of access roads - Wards 7,8,9 & 12 (Phase 2)	0%	10,623,364
Construction of access roads-Wards 1, 2 & 3 (Phase 1)	0%	4,623,364
Stormwater Channel in Kwezi Naledi - Lady Grey (Budget adjustment – Phase 2)	0%	1,500,000
Solid Waste Site-Sterkspruit	0%	2,736,000
Sterkspruit Taxi Rank-Phase (Design complete-Land Issue)	5%	5,000,000
Establishment of pounds-Senqu (Design complete)	5%	650,000
Paving in Barkly East Phase 1	0%	4,500,000
Paving in Lady Grey (Ph2)	0%	1,000,000
Upgrading of Sport Facilities in Sterkspruit	0%	3,568,656
Sportfield Lighting (BE & LG)	0%	2,000,000
Construction of 4 Community Halls	0%	5,000,000
Construction of Solid Waste Sites (Rhodes & Herschel)	0%	2,311,639
3 x Community Centers	0%	1,000,000
Construction of 12 Community Centers (2nd Application)	0%	815,073
Project Management Unit	Ongoing	1,829,050
		<b>51,157,146</b>
Construction of Access Roads-Wards 4,5 and 6	0%	20,000,000
Construction of Access Roads-Wards 7,8, 9 & 12 (Phased)	0%	47,718,900
Construction of Access Roads-Wards1,2 & 3 (Phased)	0%	11,376,636
Construction of Access Roads-Wards 10,11 & 13	0%	10,000,000
Sterkspruit Taxi Rank (Phased)	0%	8,000,000
Construction of MPCC at Coville	0%	259,623
Increase height & Width of Transwilger bridge	0%	1,500,000
Construction of 15 shearing sheds-Phase 2-Herschel rural	0%	3,200,000
Construction of 6 community centers (Ph2)	0%	1,500,000
Construction of 10 community centers(ph3)	0%	3,000,000
Construction of 16 Community Halls	0%	6,000,000
<b>TOTAL</b>		<b>165,327,505</b>



THREE YEAR + CAPITAL PLAN (WATER & SANITATION) WSA FUNCTION  
As at June 2008

PROJECT NAME	STATUS	TOTAL VALUE
Herschel Sanitation Disposal and reticulation (housing)	90%	7,179,555
Lady Grey Bulk Water Supply	0%	25,450,044
Lady Grey Bucket Eradication (Informal Area)	0%	6,500,000
Barkly East Bucket Eradication	80%	29,640,000
		68,769,599
Rossouw Feasibility Study	0%	100,000
Upgrade Lady Grey WTW & Reservoir	0%	20,000,000
Upgrade of Sterkspruit Disposal Works	0%	6,000,000
Bulk water supply to Sterkspruit	0%	150,000,000
Rehabilitation of Barkly East WTW	0%	7,000,000
Rehabilitation of old ponds in Lady Grey	0%	800,000
Bulk water supply in Rossouw	0%	800,000
Sanitation to all Rural schools	0%	25,000,000
Upgrade LG Dam line & WTW & Reservoir & Silt Weirs	0%	8,000,000
Installation of water meters (all areas)	0%	4,500,000
Telemetry	0%	34,000,000
Weir, pump station and ring feed - Rhodes	0%	2,500,000
Rehabilitation of Barkly East Reticulation System	0%	22,000,000
Orange River Agricultural Scheme	0%	1,500,000,000
Fencing of dams (Rhodes, Barkly East and Lady Grey)	0%	1,200,000
Rural Sanitation	0%	80,000,000
Rural Oxidation Ponds (Dumping)	0%	6,000,000
Agricultural Water Supply in Rhodes	0%	1,800,000
Electrification of rural pumps	0%	10,500,000
Sanitation at Mokhesi (Waterborne)	0%	12,000,000
<b>TOTAL</b>		<b>1,930,669,599</b>

It should, however, be noted that the above is evaluated yearly and may change dependent on circumstances. Some community services appear on the above due to the fact that they are funded by the Municipal Infrastructure Grant (MIG).

## 5.4. TREASURY DEPT



CHIEF FINANCIAL OFFICER  
**C. VENTER**

### OBJECTIVE

'The overall objective of the Budget and department is the provision of Management Support and guidance to staff and Councillors, managing of assets, managing the budget and managing revenue and collection of debtors.'

### VISION STATEMENT

The financial management of the resources of Senqu Municipality to ensure sustainable and equitable service delivery to all the residents of the municipality.

### MISSION STATEMENT

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

### KEY FOCUS AREAS FOR THIS DEPARTMENT ARE:

- Revenue Collection/Income Generation
- Expenditure
- Budgeting
- Accounting and Reporting
- Information Technology
- Assets and Stores
- Motor Vehicle Licensing
- Compliance with MFMA Act 56 of 2003

Overall objectives are to improve and refine functioning within each of these areas.

## KEY PERFORMANCE INDICATORS

These will be examined under each subsection as follows:

### Revenue Collection/Income Generation

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The structure is currently set up so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

### THE KEY PERFORMANCE INDICATORS ARE:

- Annual reconciliation of Valuation Roll.
- Annual reconciliation of Assessment Rates.
- Annual billing of Assessment Rates.
- Complete General Valuation of Farms.
- Valuation Board assessing objections.
- Certify General Valuation Roll.
- Implement General Valuation Roll.
- Do survey of infrastructure & services on farms.
- Monthly updating consumer database.
- Maintain & Implement Credit Control & Debt Collection Policy
- Put plans intervention strategies in place to enhance revenue
- Maintain and implement financial policies & procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control & Debt Collection;
- Cash Management, Banking & Investment.
- Appointment of Accountant Income
- Monthly selling & control Pre-paid Electricity.
- Monthly reading of Water & Electricity meters
- Accurate monthly billing of accounts.
- Monthly delivery of consumer accounts.
- Daily receipting of all revenue.
- Daily banking of all revenue.
- Secure all revenue collected.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection
- Develop Rates Policy;
- Consult community on Rates Policy;
- Implement Rates Policy;
- Develop & promulgate Rates Policy By-Law

### EXPENDITURE AND CONTROL

This function is situated in Lady Grey and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly

financial reports and compilation of annual financial records and statements.

### **THE KEY PERFORMANCE INDICATORS ARE:**

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure (Levels and quality)
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annually update & maintain council's insurance portfolio.
- Monthly updating & maintaining Council's investments.
- Update & implement financial policies and procedures :
  - Supply Chain Management;
  - Loans & Contractual Agreements;
  - Assets Management & Insurance;
  - Cash Management, Banking & Investment.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.

### **BUDGETING**

The annual compilation of Council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of Council's Integrated Development Plan (IDP). This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date.

#### **The Key Performance Indicators are:**

- Compile & publish budget time schedule
- Establish & publish committees & consultation forums.
- Outreach programme to all wards.
- Review & prepare:
  - Integrated Development Plan (IDP);
  - Service Delivery Agreements;
  - Delegations;
  - Budget Related Policies;
  - Operational & Capital Budget
- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
- Budget & Supporting documents to:
  - National Treasury;
  - Provincial Treasury;
  - Publish and website
- Service Delivery & Budget Implementation Plan (SDBIP).

### **ACCOUNTING AND REPORTING**

- Daily & monthly updating of accounting records.

- MFMA required reporting to:
- National Treasury;
- Provincial Treasury;
- Accounting Officer;
- Executive Committee;
- Municipal Council
- Monthly reconciliation of supporting registers:
- Funds;
- Loans;
- Assets;
- Banks;
- Investments;
- Debtors;
- Creditors; and
- Income & Expenditure.
- Compilation of annual financial statements.
- Compilation of annual report for Department: Budget & Treasury Service.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.

## INFORMATION TECHNOLOGY

Although not yet fully functional, this function is situated in Lady Grey from where all computer hard- and software used at all three administrative units are supported and maintained. The implementation and maintenance of Council's Geographical Information System is also part of this function.

### The Key Performance Indicators set are:

- Maintain & upgrade of computer hard and software
- Secure computer hard and software services.
- Training to all staff in utilizing IT systems effectively.
- Develop IT policies.
- Update General Plans (GP's)
- Update Ownership / Title Deed information
- Update Valuation information
- Update Road & Street infrastructure
- Update Geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.
- Develop & maintain municipal Website.

## ASSETS AND STORES

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar-coding all movable assets. The Key Performance Indicators set are:

- Recording & Marking (Bar-coding) of all assets.

- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revalue fixed assets.
- Preparing for conversion to GRAP – Legal requirement by 2009

## **MOTOR VEHICLE LICENSING**

Apart from the roadworthy's, driver's licenses, etc, performed at the Grade A Traffic Test Station situated in Barkly East, the NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Plans are in place to extend these facilities to the Sterkspruit administrative unit.

### **The Key Performance Indicators set are:**

- Avail facilities for the licensing of motor vehicles.
- Maintain and perform National Traffic Information System (NaTIS) on behalf of the Department of Transport
- Establish Motor Vehicle Registration facility in Sterkspruit – Awaiting approval form Department of Transport
- Train staff to operate Natis System.

## **OVERSIGHT REPORT FOR THE PERIOD 2007-2008**

### **1. BACKGROUND**

It is required of the Municipal Finance Management Act, Act 56 of 2003 that Council consider its Annual Report and based on the analysis and evaluation thereof, that it prepare and adopt an Oversight Report. The oversight report should contain Council's comments on the annual report and must include in terms of section 129 (1) of the MFMA, a statement as to whether the council has:

- Has approved the annual report without or without reservations,
- Has rejected the annual report or,
- Has referred the annual report back for revision of those comments that can be revised.

#### **1.1 The Oversight Committee**

The Oversight Committee was established in terms of section 33 and 79 of the Municipal Structures Act, no 117 of 1998. The committee is represented by non – executive councilors and assisted by the Internal Auditor.

The oversight committee met on the 4 March 2009 and 19 March 2009 to analyze, review, seeks additional inputs from relevant stakeholders and discuss representations/written submission received from the Community.

The Annual Report was made available to all the Municipal Administrative Units and the community were advised through the media, notices on strategic notice boards and the municipal web site of the availability of such annual report and were invited to submit representations on the report. At closing date of submissions, no submissions were received.

The oversight committee raised certain deficiencies in the original annual report submitted in January 2009 and these were corrected.

The following Oversight Report is presented for the period 2007-2008.

### **2. ANALYSIS OF THE 2007-2008 ANNUAL REPORT**

The information contained within the 2007-2008 Annual Report was duly examined, whilst taking cognizance

of the Auditor-General's Annual Report. Following this discussion, the extent to which the strategic objectives of each department were met as against their limitations will be briefly discussed.

## **2.1. Auditor-General's Report on Annual Financial Statements (ending June 2008)**

### REVENUE

- a) A qualified opinion was obtained due to the amount of electricity losses experienced, which were not able to be attributed to normal technical distribution losses and as a result, caused an understatement of revenue debtors of R1.69 million at a tariff of R0.4380 per kilowatt per hour.

Whilst this has been acknowledged, it is evident from the Technical Manager's response to this qualification that every conceivable step has been taken (within the confines of financial constraints and otherwise) to ensure that electricity losses are minimized. Within the account of strategic objectives which follows the Auditor General's report a detailed analysis of action taken will be provided.

- b) Non-compliance in respect of s77 of the Municipal Property Rates Act (No 6 of 2006) requiring updates twice annually. Property rates income was understated.

Completion of the Valuation Roll updates is set to rectify this immediate situation, with constant follow-ups being planned to ensure accurate record-keeping.

### IRREGULAR EXPENDITURE

- c) Failure to compensate tourism re s67 of MFMA. These monies owing will be reimbursed as required.
- d) Provision of the Mayoral Housing Allowance in direct contravention to relevant legislation. This provision will be required to be reversed.
- e) Failure to disclose the irregular expenditure of R0.7Million within the financial statements. These figures will be remedied and disclosed in future statements.

### PROVISIONS

- f) Failure to meet the provisions of s28 of the National Environmental Management Act, No 107 of 1988, by restoring landfill sites. Improved record keeping and financial provisions will be made to ensure adequate resources to fulfill these obligations.

### OTHER MATTERS

- g) Internal Controls and improved Risk Management procedures and controls are required in order to improve information flow, record keeping and controls.

Non-compliance with the following pieces of legislation and activities have contributed towards audit qualifications and require immediate counter-action :

- Non-compliance re Sterkspruit disposal site;
- Non-disclosure of loss within financial statements;
- Failure to record and recover private telephone costs;
- Non-compliance re x53 and 70 of MSA on delegation of powers and duties and the Code of Conduct for staff;
- Non-compliance with Code of Conduct for staff and Councillors
- Non-adherence to Municipal Investment Regulations re prohibited investments and types of investments.

- Non-adherence to VAT Act re tax invoices.

It is fair to say that Senqu Municipality intends to deal with these issues through the appointment of an Audit Committee that will, in turn, drive the development and implementation of the Audit Plan, which will specifically focus on and address all issues highlighted within this report – ensuring compliance at every level.

## MATTERS OF GOVERNANCE

### *INTERNAL AUDIT*

- h) In respect of the findings related to risk management and control, it was established that :
- The internal audit function had not substantially fulfilled its responsibilities for the year as set out in s165(2) of the MFMA.

This issue will be addressed through the development and implementation of the Audit Plan.

### OTHER MATTERS OF GOVERNANCE

- i) The annual report was not submitted to the auditor for consideration prior to the date of the auditor's report.
- j) The financial statements submitted for audit were subject to material amendments as a result of the audit.
- k) Significant difficulties were experienced during the audit in respect of delays and the unavailability of expected information and the unavailability of senior management.

These issues will be addressed through the development and implementation of the Audit Plan.

### OTHER REPORTING RESPONSIBILITIES

#### AUDIT FINDINGS (PERFORMANCE INFORMATION)

#### NON-COMPLIANCE WITH REGULATORY REQUIREMENTS

- l) Non-submission of a performance report for audit purposes..
- m) Non-compliance with submission of performance information in respect of:
- s30 of the MFMA (No 32 of 2000) in respect of the drafting of the IDP (responsibility of drafting IDP to Municipal Manager)
  - s26(c)(d) and (h) of the MSA – alignment of strategies and development of financial plan with 3-year budget projection.
  - s36 of the MSA – in respect of informing the community of the implementation of the IDP.
  - Regulation 8 – adoption of the PMS before or at the same time as setting KPI's and targets from IDP;
  - s40 of MSA – establishing mechanisms to monitor and review the PMS.
  - MFMA s54(1)(c), 71 and 72 relating to revisions of the SDBIP.
  - MSA s41; Reg 13 – relating to quarterly performance reviews.



The IDP including performance targets as per s26(1) of the MSA.

In this regard, all issues relating to Performance Management will be resolved through formal structures and will form part of the brief of the Audit Committee to ensure compliance. The Audit Plan will also give effect to the steps required to address the shortcomings and qualification as detailed above.

- n) Lack of sufficient appropriate audit evidence.

This will again be addressed by the Audit Plan through the establishment of the Audit Committee.

## **2.2. The Extent to which Departmental Strategic Objectives have been met (2007-2008)**

Each department will be examined with due reference to their success in making strategic objectives and this data will be summarized in the following order:

- Municipal Manager's office
- Budget & Treasury
- Technical Department
- Community Services Department
- Corporate Services Department

### **A) ACHIEVEMENTS OF THE MUNICIPAL MANAGER'S OFFICE**

Whilst it is acknowledged that this department provides an overall picture incorporating successes and challenges from all other departments, it provides in effect, an overall summary of all pertinent issues.

The following issues are of particular note:

- Efforts have been made to engage with communities through Mayoral Outreach Programmes and programmes relating to IDP and budget reviews.

A communication plan and strategy has also been started in order to facilitate communication between all parties. Certain challenges still remain due to financial constraints relating to printing costs and advertising, however great strides have been made.

- The IDP has been successfully reviewed and all related Budget Policy, SDBIP alignment and reporting processes and mechanisms have been satisfactorily completed.
- Service Delivery has greatly improved and targets have generally been well achieved.
- The LED Strategy Implementation has been successfully achieved and opportunities for economic growth and development are strongly on the increase – requires implementation and monitoring .
- The Housing Policy is being implemented and so too the provision of low-cost housing.
- Performance Management while successfully implemented at s57 Management level requires roll out to lower levels.,
- The PMS Audit Committee is still required to be formally established.
- The Internal Audit Committee has been established and has resulted in the development of the remuneration Policy and the appointment of a Remuneration Committee and a Register of Interest.

- Codes of Conduct have been presented to staff and Councillors and this, together with the implementation of the roles and responsibilities of the Delegations Register are contributing towards improved organizational efficiency - Efforts will be made to correct the process and to engage with communities through media adverts to view the documentation at strategic units within the Municipality and during Mayoral Outreach Programmes and programmes when IDP and budget reviews are again performed in the 2008/2009 financial year to ensure compliance.
- Establish baseline to determine financial viability and monitor debt coverage and expenditure control – Risk Management Plans have as a result to be developed to manage the Fraud Prevention Policy and the Anti-Fraud and Corruption measures being adopted by Council.
- Public Participation remains a challenge and policy and controls are required to ensure improved application.
- In terms of general administration it must be acknowledged that the Annual and Oversight reports and Mid-Performance reports were submitted timeously.
- Organizational restructuring remains a challenge and a Turnaround Strategy is envisaged in order to address the organizational structure and skills shortages and to deal with the exodus of skilled staff.
- Contract Management has been a great success and all contracts, agreements and plans are reviewed annually.
- Compliance in terms of EE Reporting, WSP, Appointments and Procurement have all been met.
- GAMAP/GRAP Exception has been granted until 2009, whilst financial policy requirements have been met.
- Baseline service delivery has been met in respect of free basic services, updated databases and compliance with National Directives relating to Health, Water, Sanitation, Electricity, Solid Waste and Strategic Management.
- Overall a sterling effort with wonderful achievements.

## B) FINANCE (BUDGET AND TREASURY)

From the financial perspective, the Audit Report and discussion around areas of qualification (as discussed in section above), have reflected quite extensively on many of the strategic goals of this division.

However, in terms of meeting the strategic objectives, additional insight and observation will be made, as follows:

- Implementation of the MFMA has resulted in many challenges, not the least of which has been the need to capacitate staff. Accordingly, all management, senior staff and all the Executive Committee members have been trained in terms of the requirements of the Act (now implemented).
- Financial staff have been trained in respect of the challenges of the MFMA, the new SCM regulations, Performance Management and IT.
- GRAP will be implemented fully during 2009 and all senior staff have been trained accordingly. Additionally, assistance has been obtained from external service providers, where this is deemed necessary.
- The IDP has been reviewed and SDBIP's have been developed and assessed quarterly as per requirements. Implementation reporting has been provided.

- Implementation of a comprehensive Information Technology (IT) system has been completed and the training of the employed IT/GIS Operator will continue in order to develop a certain level of independence and less reliance on the service provider.
- Cash Flow Statements were finalized.

Constant and remaining challenges relate to the management of interventions required to address issues raised within the audit report and the qualifications. In particular, emphasis and priority will be placed on improvement of risk management, financial management and internal controls. Additionally, strategies will be required in order to deal with sound financial management, expenditure control and easy and means to increase revenue and external funding.

## C) TECHNICAL SERVICES DEPARTMENT

On the technical services front and notwithstanding the qualification on the Auditor-General Report regarding unmeasured and unaccountable electricity losses, there have been many achievements during the period under review.

These will be elaborated on as follows:

- *ELECTRICITY*

Efforts taken to minimize electricity and water losses resulted in the following activities, which are aimed at the rehabilitation of the metering and networks in order to reduce losses and meet with compliance:

- Bulk meters have been purchased to be installed at all transformer points in order to monitor usage in sectionalized manner. It is expected that the accounting system will be adapted to accommodate these sections therefore resulting in a system that can be monitored monthly, quickly identifying problem areas.
- All the larger consumers have had new, modernized and tamperproof meters installed.
- 8x Sub stations have been made safe by correct earthing, oil containment (Environmental) and palisade fencing.
- VT's have been purchased to monitor the Kwh purchased from ESKOM and also to close the time windows for checking purchases against sales of units.
- BVI Consulting was commissioned to do an in-depth study of the metering and the networks in the 3 towns licensed to Senqu, which reported all the problems and solutions and costs involved.
- 750m of conductor was replaced in Sterkspruit (2007/2008) and 1000m of farm line was upgraded in Barkly East.
- Transformer oil was tested in all towns for reliability of insulation.
- Numerous service connection points have been replaced (Airdek).
- EDI Holdings was requested for financial assistance but had no funding.
- ESKOM was requested for assistance, but cannot do so, as it is not their networks.
- The BVI report and the Losses Action Plan have been forwarded to the NERSA.
- The next step is to approach the DME directly, but it is unlikely that they will assist, as this

is not a new project.

From the above it can be seen that while steps have been taken and great strides made, these are insufficient due to inadequate resources.

It must also be noted that a Strategic Electricity Plan for Senqu Municipality has been developed and this will, through implementation, result in a Turnaround for the management of electricity usage and energy.

- *WATER*

With regard to the water, there is no accurate water balancing, as there are insufficient meters and the WSA is aware of this. They have requested lists of the required meters and have appointed a contractor to install them. Once this is done, water balancing and losses will become available. This is not unique to Senqu, but to the whole district. There are also large areas with no individual meters (basic charge only) that will still need to be addressed in order to get accurate water balance figures. As Senqu is the WSP only, this will have to be done through the WSA, as it is a capital project, of which they alone have control.

The Ukhahlamba District Municipality is currently over committed with their capital expenditure so it is unlikely that these meters will be installed soon.

Over and above this it is required that we acknowledge the political challenges which have presented themselves e.g. indigent communities do not want meters and when installed, bypass or destroy them, as they are under the impression that they will have to pay more for water. This would be the case with certain individuals but not in general, as most are estimated to use less than 6kl/month. Education and outreach programmes would need to be engaged in order to reduce vandalism due to misconceptions.

A temporary package plant was installed in Barkly East, water purified was 2.822.982 kl, fault reports were attended to, water meters were replaced and new water connections were made. Maintenance remains an ongoing exercise and limitations relate to funding, capacity and ageing infrastructure.

- *ROADS AND STORMWATER*

- Construction and rehabilitation of many roads and bridges has occurred and this in turn has facilitated the creation of 128 temporary jobs. Ongoing repairs and maintenance has occurred and a bulk storm water control has been installed in Kwezi Naledi.
- Additionally, 5.2km of streets have been graded.
- Whilst progress has certainly been made, insufficient funding prevents major reduction in the access road backlogs.
- Remaining challenges include:

The Roads Classification System needs to be completed. Gravel shortages in rural areas require alternative construction methods and access roads require sealing.

- *SANITATION*

The following achievements require emphasis:

- The bucket eradication system has begun in Barkly East.
- Maintenance and operations are ongoing and are well handled.
- Limitations extend to financial and aged infrastructure e.g. old ponds in Barkly East

requiring upgrading.

- *TOWN PLANNING AND BUILDING CONTROL*

- Building plans are received and processed, as are rezoning, subdivision and consolidation applications.
- A draft subdivision policy has been formulated for approval.
- Remaining challenges include:

Community land issues, additional land is required for development in Sterkspruit and Government departments do not appear to liaise with the municipality prior to the implementation of developments.

#### D) COMMUNITY SERVICES DEPARTMENT

This department and the achievement of strategic objectives will be reflected on independently within subsections.

- *LIBRARY SERVICES*

- Libraries have been upgraded to an extent and this includes library material, computers and the installation of electricity at Sterkspruit.
- Infrastructure upgrades remain a challenge.

- *COMMUNITY HALLS AND FACILITIES*

- Transwilger Hall at Lady Grey has been renovated.
- Two rural community halls at Majuba and Tapoleng are to be established and tender processes are under way.
- Multi-purpose centers have not been completed due to financial constraints.

- *SPORTSFIELDS*

- Ongoing repairs and maintenance of sportsfields is ongoing.
- Planting of grass and its leveling has occurred at Lady Grey and Barkly East.
- 104 012m<sup>2</sup> grass cut, including cemeteries and sidewalks.

Remaining challenges include: Vandalism at sportsfields and stadiums. Assistance from the Sports Council remains inadequate.

- *TOURISM*

- Senqu Tourism was established from all local tourism associations for Barkly East, Lady Grey, Rhodes and Sterkspruit.
- Township tourism, funding and measurement of progress within disadvantaged communities remain a challenge.

- *LOCAL ECONOMIC DEVELOPMENT*

- The Gxothindlala project is under way and agricultural improvements have been conducted in rural areas in respect of ploughing fields and planting maize and wheat.

- Challenges remaining relate to droughts (which have delayed ploughing and planting), overgrazing (affecting commonages) and the incorrect purchase of plant and equipment which has incurred unnecessary costs (e.g. secondhand tractors).
- Within agriculture, LED Phase 1 Kwezi Lokusa Textile has been funded by DHLG & Traditional Affairs. Similarly, the Rossouw Agricultural Project has been funded by DHLG & T and great strides have been made.
- The brick-making project has finally been implemented and ongoing training and support provision is being provided.
- Preparations are currently under way for the Holo Hlahatsi agricultural projects.
- Sunduza Poultry project is 100% run by women.
- Masibambane Service Center in Barkly East has been established for old people and people with disabilities.
- Lucerne Project at Barkly East is functioning well and is also run by women who run a food garden as well.
- Sterkspruit sees the ongoing recycling and waste minimization project and
- Funding is now available by Thina Sinakho to make a study on peach production at Sterkspruit.
- Challenges include the Holo Hlahatsi Tourism project – extended to August 2008 due to land disputes, financial constraints, shortage of staff, lack of commitment from beneficiaries and material shortages.

#### E) CORPORATE SERVICES DEPARTMENT

The Corporate Services Department has experienced a number of areas in which strategic objectives have been well met.

These include the following:

- *ADMINISTRATION AND SUPPORT*
  - Provision of all support services for the Council and Exco meetings and the intro-departmental support and liaison functions. Secretarial Service provision for Council, Committee, public participation gatherings and the like as evidenced in minutes, agendas and the like.
  - All communication is disseminated timeously prior to meetings. Council agenda and minutes comply with policy. Yearly calendar of meetings and events as required. Cllr decisions and dissemination as per policy. Liaison provider in the sense of communication in policy/legislative changes/updates, obtaining input and clarity on pertinent issues.
  - Legal agreements, contracts and all rental agreements are maintained and filed effectively, but this remains an ongoing exercise.
  - Currently applications have been made for Provincial Archives to review the current filing system. The challenge of a congested filing system remains and until the improved file plan is approved by Provincial Archives, the congested nature of the archives remains.
  - The tender process has begun in respect of outsourcing a telephone management system and a service provider has been appointed.

The effectiveness and efficiency of the communication infrastructure remains a challenge and so too the abuse of the telephones (as per the Audit qualifications).

- Council approved meetings have been conducted as per schedule and the department must be commended on the effective and efficient manner in which minutes are taken and meeting agendas and notices distributed.

- *HOUSING PROJECTS*

Housing projects may be discussed separately as follows:

- Hillside Housing Project 600

This project is running smoothly after the appointment of Y Mkhaza Construction and all defects are being rectified.

- Kwezi Naledi Lady Grey Project

This project is 90% complete and the challenge experienced relates to shortages of materials, delays in funding and poor road access.

- Herschel Housing (700 Units)

505 of the 700 units have been completed and the township establishment has been submitted to Bhisho for approval. Almost all (497 of 505) are occupied and the remaining houses have not been allocated due to vandalism. Access roads within the area still impede development and construction.

- Rhodes Renovation (30 RDP Units)

NHBRC has appointed a contractor to rectify the houses, however, poor workmanship and lack of commitment by the contractor have impeded negatively on construction. Defects have been identified and reported to NHBRC.

- Renovation 200 RDP Units (Herschel/Orange Fontein)

All 200 houses have been rectified and only 31 transfers are still outstanding.

- *HUMAN RESOURCES*

- Training has been effectively achieved through the development of the WSP and Implementation reported through Implementation Plans.
- Employment Equity Reports have been submitted and policy updated.
- Strategies are in progress to deal with scarcity of skills and staff shortages.
- The organogram has been successfully reviewed and key strategic positions filled.
- It is recognized that Employee Assistance Provision is required to obtain greater coverage and support and so too education on HIV/AIDS.
- A great number of policies have been reviewed and updated – require proper implementation.

- *LABOUR RELATIONS*

A great deal of Labour Relations Training has occurred and staff are better equipped to handle

these issues. Disciplinary action against senior personnel has been finalized.

- *SKILLS DEVELOPMENT*

- Workplace Skills Plan developed and implemented as per plan.
- Implementation of planned learnerships and internships in areas of Finance, Corporate & Municipal Manager's offices.
- ABET facilities remain a challenge in terms of accessibilities.

- *OCCUPATIONAL HEALTH AND SAFETY*

Whilst this remains a challenge due to lack of funding and ensuring compliance during 2007/2008, no occupational injuries were reported and Health and Safety meetings occurred as scheduled.

- *PERFORMANCE MANAGEMENT*

- Performance Management System effectively implemented for s57 staff, but not yet cascaded further.
- SDBIP's completed as required.
- It is still required that Performance Management Reviews are conducted quarterly rather than annually.

- *PUBLIC SAFETY : TRAFFIC MANAGEMENT/LAW ENFORCEMENT AND RELATED FUNCTIONS*

Many achievements within the review period as detailed:

- Learners license figures escalated by 60%.
- Driver's license issues increased dramatically.
- Road Traffic signs were installed in the municipal area and
- The database was upgraded and maintained.
- Continued challenges relate to shortage of staff and funding for infrastructure and maintenance.
- Fraudulent drivers licenses and the issuing of licenses in exchange for sexual favours is of great concern and is required to be eradicated.

### **3. CONCLUDING REMARKS**

Having examined overall the degree to which the Annual Report reflects the issues and areas for correction raised during the Annual Audit, and the extent to which service delivery objectives are being met, this report is considered to be an accurate representation of events and issues that occurred during 2007/2008. As such it is recommended that Council adopt this Annual Report.

#### **RECOMMENDED**

That Council note the amendments of the oversight committee and the Mayor is to ensure that any deficiencies be rectified in the Annual report for the current Financial.

That the oversight report be submitted to the Provincial legislature in accordance with section 132 (2) of the MFMA

That Council adopts the Annual Report for Senqu Municipality for the period 2007– 2008 as reflected in the Annual Report attached for this purpose.



## CLOSING SUMMARY

From the detailed chapters in this Annual Report, Senqu Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

Within **Chapter 1** of this report, you were exposed to an overview of Senqu's geographic and demographic profile, as well as socio-economic factors that influence life within this region.

**Chapter 2** has highlighted the key successes and challenges experienced by the more high profile service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

**Chapter 3** provides insight into the organisation structure and changes required to ensure that Senqu Municipality is able to fulfil its developmental Local Government objectives, through compliance at every level.

**Chapter 4** represents an extremely detailed account of Senqu Municipality's financial health and wealth and includes all financial statements as public documents.

**Chapter 5** provides comprehensive information on the functional areas of Senqu Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Notwithstanding the above it must be noted that the Annual Report does not fully reflect the challenges facing all departments within Senqu Municipality, nor would it, based on the information contained in reports from the various departments. This deficiency was highlighted in a Council meeting, which was held in order to evaluate the content of the Annual Plan. During discussions specific challenges were highlighted that should have been included in the main body of this Report.

In conclusion it must be noted that these concerns have been taken into account and the challenges which were not detailed, have now all been included in the Oversight Report. In this manner the perceived deficiencies have been rectified and we are able to note that the Oversight Report together with the Annual Plan, represents an accurate account of the operational status and activities that have occurred within Senqu Municipality.

Whilst highlighting successes, challenges and distinct progress in all areas of service delivery, the Annual Report of 2007 - 2008 and the Oversight Report for the same period, provide an accurate record that clearly illustrates the progress, growth, and development of municipal services and performance of Senqu Municipality.

## **GLOSSARY**

<i>CBO</i>	<i>Community Based Organisation</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>DWAF</i>	<i>Department of Water Affairs and Forestry</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practices</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GRAP</i>	<i>Generally Recognised Accounting Practices</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>ILGM</i>	<i>Institute of Local Government Management of Southern Africa</i>
<i>IMPRO</i>	<i>Institute of Municipal Public Relations Officers</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LGSWETA</i>	<i>Local Government and Related Services SETA</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>NEPAD</i>	<i>New Partnership for Africa's Development</i>
<i>NGO</i>	<i>Non-Government Organisation</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SMME</i>	<i>Small, Medium and Micro Enterprises</i>
<i>TLC</i>	<i>Transitional Local Council</i>
<i>UKDM</i>	<i>Ukhahlamba District Municipality</i>

## **CREDITS**

*Senqu Municipality wishes to thank the following people for their contributions:*

- The Mayor and Councillors*
- Office of the Municipal Manager*
- Manager: Corporate and Support Services*
- Manager: Community and Social Services*
- Manager: Technical Services*
- Manager: Budget & Treasury*
- Special Mention: - Charmaine van Schalkwyk Consulting*  
*- Creative Publishing*





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